

SWARTLAND MUNICIPALITY

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2016/2017 TO 2018/2019



ANNUAL BUDGET OF SWARTLAND MUNICIPALITY

2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Part 1 – Annual Budget

1.1 Mayor's Report

Will be inserted after being tabled to council.

1.2 Council Resolutions

Will be inserted after being approved by council.

1.3 Executive Summary

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury's MFMA Circular No. 78 and No. 79 used to guide the compilation of the 2016/17 MTREF (Medium-term Revenue and Expenditure Framework).

South Africa is currently in the build-up towards the 2016 local government elections. All municipalities are encouraged to act towards ensuring financial sustainability. Now, more than ever before, it is paramount for sound municipal decision-making so that long-term sustainability of municipal finances and service delivery is achieved beyond the election period.

The 2015 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. Growth in developing economies has moderated in response to lower commodity prices, subdued domestic demand and reduced capital inflows. Growth in some developed economies has offset this slowdown. The South African economy is expected to grow by 0.9 per cent in 2016, 1.7 per cent in 2017 and 2.4 per cent in 2018. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, pose some risk to the inflation outlook. Furthermore the electricity supply shortages pose the largest domestic risk to growth.

Persistent high unemployment remains one of South Africa's most pressing challenges. Difficult trading conditions and low business confidence levels have limited hiring during 2015. The formal sector lost 76 000 jobs, with sharp declines in manufacturing and construction, as well as community, social and personal services.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures, taking into account the requirements of National Treasury's MFMA Circular No. 82.

In order to address these challenges, the following Strategic Goals are contained in IDP (Integrated Development Plan) of Swartland Municipality and aligned to the goals of the District Municipality, Western Cape Government and National Government:

Swartland Municipality IDP Outcomes (2012)	District Municipality IDP (2012)	Provincial Strategic Plan (2014-2019)	National Development Plan (2012)
1 A financially sustainable municipality with well-maintained assets	5 To ensure good governance and financial viability	5 Embed good governance and integrated service delivery through partnerships and spatial alignment	Chapter 13: Building a capable and developmental state
2 Satisfied, involved and well informed clients			
3 An effective, efficient, motivated and appropriately skilled work force			
4 Access to affordable and reliable municipal infrastructure	4 To provide essential bulk services to the district	4 Enable a resilient, sustainable, quality and inclusive living environment	Chapter 4: Economic infrastructure
5 Sustainable development of the municipal area - urban and rural environment	1 To ensure the environmental integrity of the district is improved	4 Enable a resilient, sustainable, quality and inclusive living environment	Chapter 5: Environmental sustainability and resilience
5 Sustainable development of the municipal area – economic development	2 To pursue economic growth and the facilitation of job opportunities	1 Create opportunities for growth and jobs	Chapter 3: Economy and employment Chapter 6: Inclusive rural economy Chapter 9: Improving education, training and innovation
5 Sustainable development of the municipal area – Social development	3 To promote the social well-being of residents, communities and targeted social groups in the district	2 Improve education outcomes and opportunities for youth development 3 Increase wellness, safety and tackle social ills	Chapter 8: Transforming human settlements Chapter 9: Improving education, training and innovation Chapter 10: Health care for all Chapter 11: Social protection
6 A lean, integrated, stable and corruption free organisation		5 Embed good governance and integrated service delivery through partnerships and spatial alignment	Chapter 14: Fighting corruption Chapter 15: Nation building and social cohesion
7 Increased community safety through traffic policing, by-law enforcement and disaster management		3 Increase wellness, safety and tackle social ills	Chapter 12: Building safer communities

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Consolidated Overview of the 2016/17 MTREF (R'000)

R thousand	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Operating Revenue	538 721	593 726	647 423	658 862
Total Operating Expenditure	600 220	641 239	686 973	689 867
Surplus/(Deficit) before capital transfers	(61 499)	(47 513)	(39 550)	(31 005)
Transferred Recognised Capital	58 958	34 049	36 072	36 559
Contributions Recognised - Capital	1 500	666	–	–
Surplus/(Deficit) for the year	(1 041)	(12 798)	(3 478)	5 554

Total operating revenue is expected to grow by 10.21 per cent or R55.005 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 9.04 and 1.77 per cent respectively, equating to a total revenue growth of R120.141 million over the MTREF (2016/17 to 2018/19).

Total operating expenditure for the 2016/17 financial year has been appropriated at R641.239 million and translates into a budgeted deficit of R47.513 million (before capital transfers). When compared to the 2015/16, operational expenditure is projected to grow by 6.83 per cent in the 2016/17 budget and by 7.13 and 0.42 per cent for each of the respective outer years of the MTREF.

Based on the information provided above, it is noted that there is a slowdown in both revenue and expenditure growth. However, if we exclude the conditional grant funding and related expenditure, the following growth trends are noted.

%	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Growth in Operating Revenue (Excluding Conditional Grants)	10.98%	9.69%	7.69%
Growth in Operating Expenditure (Excluding Conditional Grants)	7.26%	7.59%	5.88%

As a result of the projected revenue being increased at a greater rate than the planned expenditure program, the operating deficit (before capital grant transfers) stated at R 61.499 million in 2015/16 is expected to decrease to R31.005 million in 2018/19. Although this decline in operating deficit is a major step towards the operating budget of the municipality being self-sustainable, the municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not require the ratepayer to fund these operations through property taxes.

The financial performance of all departments over the MTREF can be summarised as follows:

	2016/2017			2017/2018			2018/2019		
	Revenue	Expenditure	Surplus/ (Deficit)	Revenue	Expenditure	Surplus/ (Deficit)	Revenue	Expenditure	Surplus/ (Deficit)
Vote 1 - Corporate Services									
1.1 - Administration	93	7 978	(7 885)	112	8 536	(8 424)	112	9 079	(8 967)
1.2 - Human Resources	313	3 967	(3 653)	449	4 273	(3 824)	587	4 696	(4 108)
1.3 - Libraries	6 800	7 434	(633)	7 193	7 583	(390)	7 615	8 151	(536)
1.4 - Marketing and Tourism	23	1 303	(1 279)	25	1 328	(1 303)	25	1 452	(1 427)
1.5 - Town and Community Halls	250	3 187	(2 937)	263	3 326	(3 063)	276	3 710	(3 434)
Vote 2 - Civil Services									
2.1 - Administration	46	3 668	(3 622)	–	3 734	(3 734)	–	3 980	(3 980)
2.2 - Cemeteries	481	432	49	506	454	51	531	464	66
2.3 - Municipal Property Maintenance	3 696	13 549	(9 853)	3 628	10 147	(6 519)	3 659	9 956	(6 296)
2.4 - Parks and Recreational Areas	290	12 293	(12 003)	–	12 748	(12 748)	–	13 731	(13 731)
2.5 - Proclaimed Roads	14 363	19 931	(5 568)	23 650	29 346	(5 696)	100	337	(237)
2.6 - Refuse Removals	33 218	29 514	3 704	34 940	31 383	3 557	37 019	33 554	3 465
2.7 - Sewerage Services	51 431	45 409	6 022	54 721	46 349	8 373	57 685	47 312	10 374
2.8 - Sportgrounds	196	4 382	(4 186)	97	4 463	(4 366)	102	4 859	(4 756)
2.9 - Streets and Stormwater	170	48 915	(48 745)	30	50 336	(50 306)	30	52 061	(52 031)
2.10 - Swimming Pools	187	2 929	(2 743)	196	2 155	(1 959)	205	2 369	(2 164)
2.11 - Water Distribution	52 680	59 525	(6 845)	66 204	78 457	(12 253)	74 126	83 373	(9 247)
Vote 3 - Council									
3.1 - Council General Expenses	125	14 678	(14 553)	125	15 531	(15 406)	125	16 342	(16 217)
Vote 4 - Electricity Services									
4.1 - Distribution	239 895	216 746	23 149	257 623	234 479	23 144	276 484	254 154	22 330
4.2 - IT Services	–	9 918	(9 918)	–	9 934	(9 934)	–	10 722	(10 722)
Vote 5 - Financial Services									
5.1 - Administration	36 833	33 196	3 638	42 985	35 221	7 765	46 998	39 076	7 922
5.2 - Grants and Subsidies - General	–	–	–	–	–	–	–	–	–
5.3 - Grants and Subsidies - Fmg	1 475	1 475	–	1 550	1 550	–	1 550	1 550	–
5.6 - Rates Services	90 706	–	90 706	98 780	–	98 780	106 775	–	106 775
5.7 - Supply Chain Management	–	5 019	(5 019)	–	5 107	(5 107)	–	5 541	(5 541)
Vote 6 - Development Services									
6.1 - Administration	1	1 703	(1 702)	1	1 815	(1 813)	1	1 931	(1 929)
6.2 - Caravan parks - Yzerfontein	2 573	1 624	949	2 701	1 672	1 030	2 836	1 835	1 002
6.3 - Community Development	127	3 700	(3 572)	37	4 038	(4 001)	137	4 139	(4 002)
6.4 - Planning and Valuations	633	6 421	(5 788)	648	6 394	(5 745)	659	6 752	(6 093)
6.5 - Building Control	1 790	2 551	(761)	1 880	2 651	(771)	1 973	2 847	(874)
6.6 - Housing	20 228	24 165	(3 937)	12 228	16 181	(3 953)	228	4 283	(4 055)
6.7 - Occupational Health and Safety	–	1 288	(1 288)	–	1 349	(1 349)	–	1 449	(1 449)
Vote 7 - Municipal Manager									
7.1 - Administration	–	5 196	(5 196)	–	4 484	(4 484)	–	4 861	(4 861)
7.2 - Internal Audit	–	1 516	(1 516)	–	1 582	(1 582)	–	1 637	(1 637)
Vote 8 - Protection Services									
8.1 - Administration	–	1 747	(1 747)	–	1 857	(1 857)	–	1 977	(1 977)
8.2 - Civil Protection	–	300	(300)	–	300	(300)	–	300	(300)
8.3 - Fire Fighting	9	3 556	(3 547)	0	3 600	(3 600)	0	4 002	(4 002)
8.4 - Harbour Yzerfontein	18	63	(46)	18	69	(51)	18	75	(57)
8.5 - Licensing and Traffic Services	6 414	7 542	(1 128)	6 577	8 154	(1 577)	6 749	8 320	(1 572)
8.6 - Policing and Law Enforcement	28 662	34 420	(5 758)	30 255	36 386	(6 131)	32 255	38 994	(6 739)
Total (excluding capital transfers)	593 726	641 239	(47 513)	647 423	686 973	(39 550)	658 862	689 867	(31 005)

During the 2011 Census, Swartland Municipality was identified as being the 5th fastest growing local municipality based on population size in South Africa with a growth rate of 4.56 per cent. While already faced with a housing and infrastructure backlog (similar to other municipalities in the country), this rapid growth rate places enormous strain on the municipality to keep up with the ever growing demand for housing and related services.

Council is thus tasked with a very important role to maintain their obligational duty placed upon them in terms of Section 152 of the constitution – to deliver high quality services to the community within the financial and administrative capabilities of the municipality.

The concept of “Quality Services” versus “Financial and Administrative Capabilities” can never be separated from one another, as bad services will ultimately lead to financial difficulties, while delivering services above the financial and administrative capabilities will ultimately lead to service delivery issues. More commonly, this is referred to as “Council’s Balancing Act”.

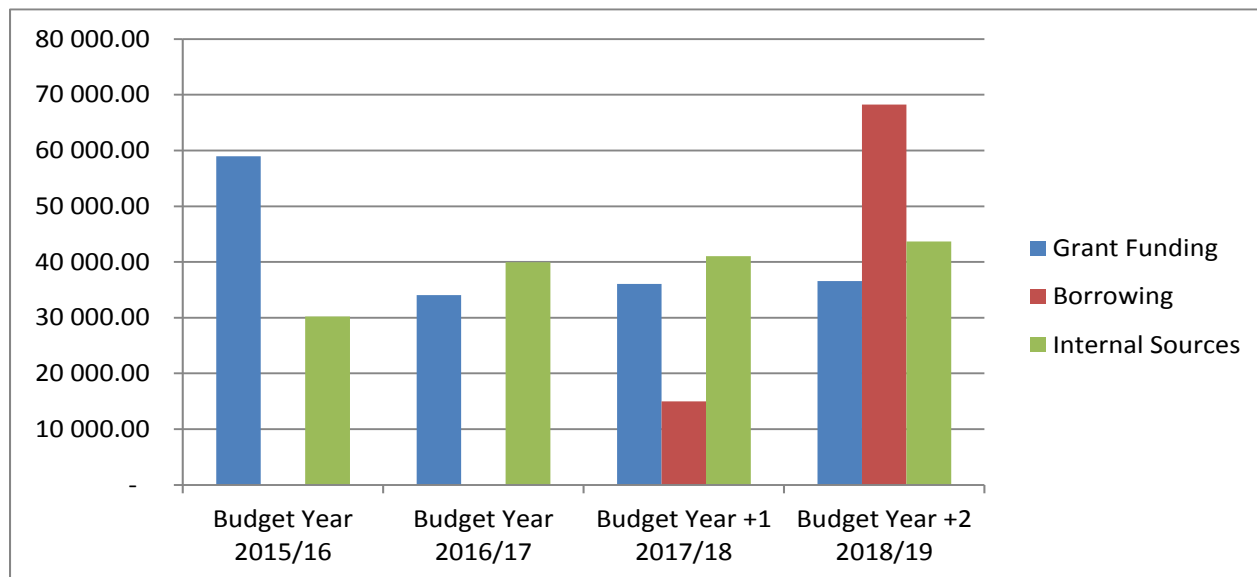
In view of the aforementioned, the municipality should always ensure that the capital program of the municipality does not compromise the financial sustainability of the municipality.

The following capital program is proposed by the municipality:

Description	Final Budget		2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2015/16 R'000	Budget Year 2015/16 %	Budget Year 2016/17 R'000	Budget Year 2016/17 %	Budget Year +1 2017/18 R'000	Budget Year +1 2017/18 %	Budget Year +2 2018/19 R'000	Budget Year +2 2018/19 %
Total Capital Expenditure	90 701	100%	74 690	100%	92 115	100%	148 450	100%
Funded by:								
Transfers recognised - capital	58 958	65%	34 049	46%	36 072	39%	36 559	25%
Public contributions & donations	1 500	2%	666	1%	–	0%	–	0%
Borrowing	–	0%	–	0%	15 000	16%	68 227	46%
Internally generated funds	30 243	33%	39 975	54%	41 043	45%	43 664	29%
Total Capital Funding	90 701	100%	74 690	100%	92 115	100%	148 450	100%

The capital budget of R74.690 million for 2016/17 is R 16.012 million less when compared to the final budget for 2015/16 (Adjustment Budget). This decrease can mainly be attributed to the decrease in proposed expenditure to be financed the Department of Human Settlements. The decline in grant funding is however offset by an increase in expenditure from own revenue sources. In the two outer years, capital expenditure from grant and own funding is projected to be in line with the proposed budget for 2016/17. The increase in capital expenditure to R 92.115 million in 2017/18 and R 148.450 million in 2018/19 can mainly be attributed to the additional capital expenditure requirements relating the bulk water services taken over from the West Coast District. The proposed expenditure amounting to R 15 million in 2017/18 and R 68.227 million in 2018/19 will be financed from a loan that will be raised on 1 July 2017 amounting to R 83.227 million.

The funding structure of the capital program can be illustrated as follows (R'000):

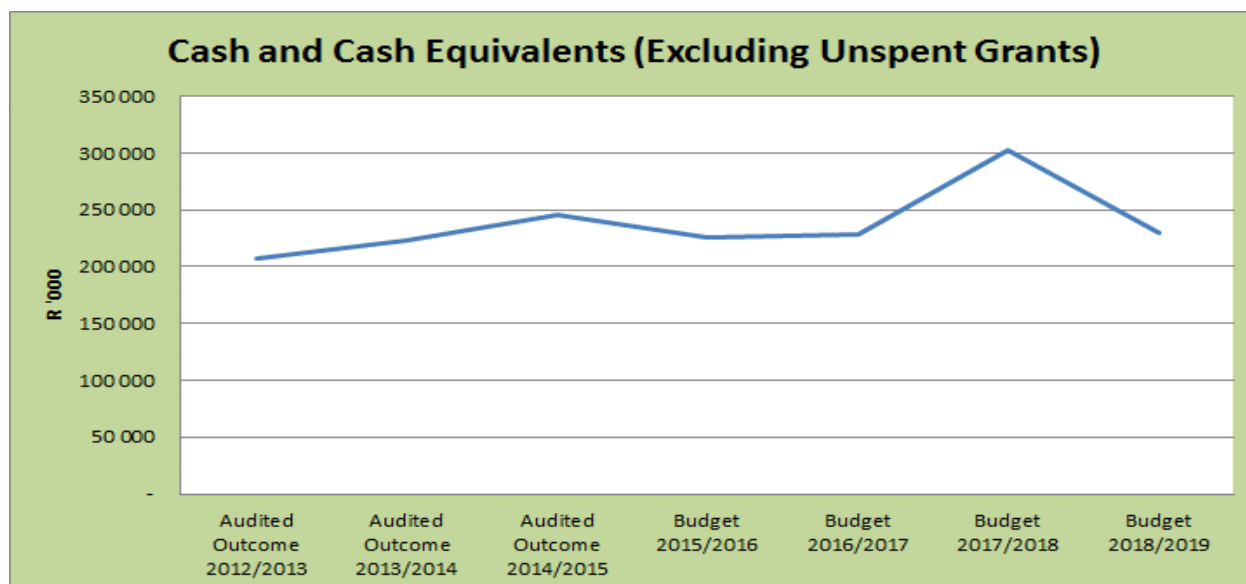


The affordability of the capital budget will be discussed in more detail below.

1.3.1 Financial Viability and Sustainability

Financial viability and sustainability is one of the major cornerstones that needs to remain intact to ensure that municipalities follow through on their constitutional obligation to deliver high quality basic services to the citizens of South Africa.

From the perspective of a municipality, the focus point of any sustainability and viability analysis revolves firmly around the municipality's ability to implement policies that contributes to the preservation, and even the increase, of cash resources over the long-term. Swartland Municipality is no different, and in line with the Long-Term Financial Strategy is committed this strategy as illustrated below:



The financial viability model utilised by Swartland Municipal is based on the model jointly developed by Swartland Municipality and the Western Cape Provincial Treasury and assesses 10 key ratios that is considered the most important indicators when assessing the long-term viability of the municipality. A weighting is attached to each indicator that will eventually provide the municipality with a viability score out of 100.

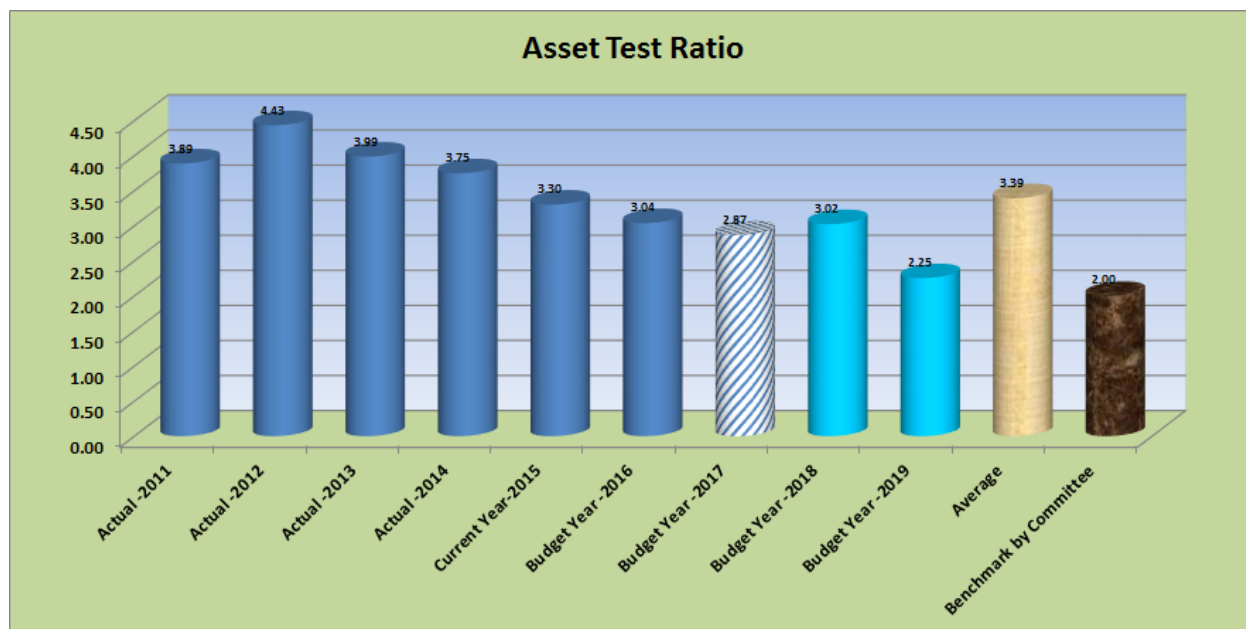
The municipality should always strive to achieve a score of 100. In the case where a score of less than 100 is achieved, the municipality should implement suitable strategies to improve the scoring.

The 10 indicators, along with the proposed benchmark and weight are included in the following table:

ITEM	Benchmark	Viability Weight	Standard 1	Score 1	Standard 2	Score 2	Standard 3	Score 3	Standard 4	Score 4	Standard 5	Score 5
Asset Test Ratio	200%	10	200%	10	150%	8	100%	5	50%	2	0%	0
Payment Level (Excluding write-off of bad debts)	> 95%	15	95%	15	90%	11	85%	6	80%	3	75%	0
Cash Generated from Operations as % of Revenue	> 20%	8	20%	8	15%	6	10%	4	5%	2	0%	0
Purchase of PPE as % of Cash Generated	< 100%	8	100%	8	110%	6	120%	4	135%	2	150%	0
Cost Coverage (Excluding Unspent Grants)	4	15	4	15	4	10	3	5	2	2	1	0
Debtors Turnover (days) (Before impairment)	< 45 days	2	75	2	90	1	110	0	130	0	150	0
Longterm debt as % of Revenue	< 40%	5	40%	5	50%	4	75%	3	95%	2	100%	0
Debt servicing cost to Revenue	< 5%	8	5%	8	7.50%	6	10%	4	12.50%	2	15%	0
Short-term debt as % of Cash	< 100%	4	50%	4	70%	3	80%	2	100%	1	125%	0
Cash Funded Budget over MTREF	> R0	25	Yes	25	No	0	0	0	0	0	0	0

1.3.1.1 Asset Test Ratio

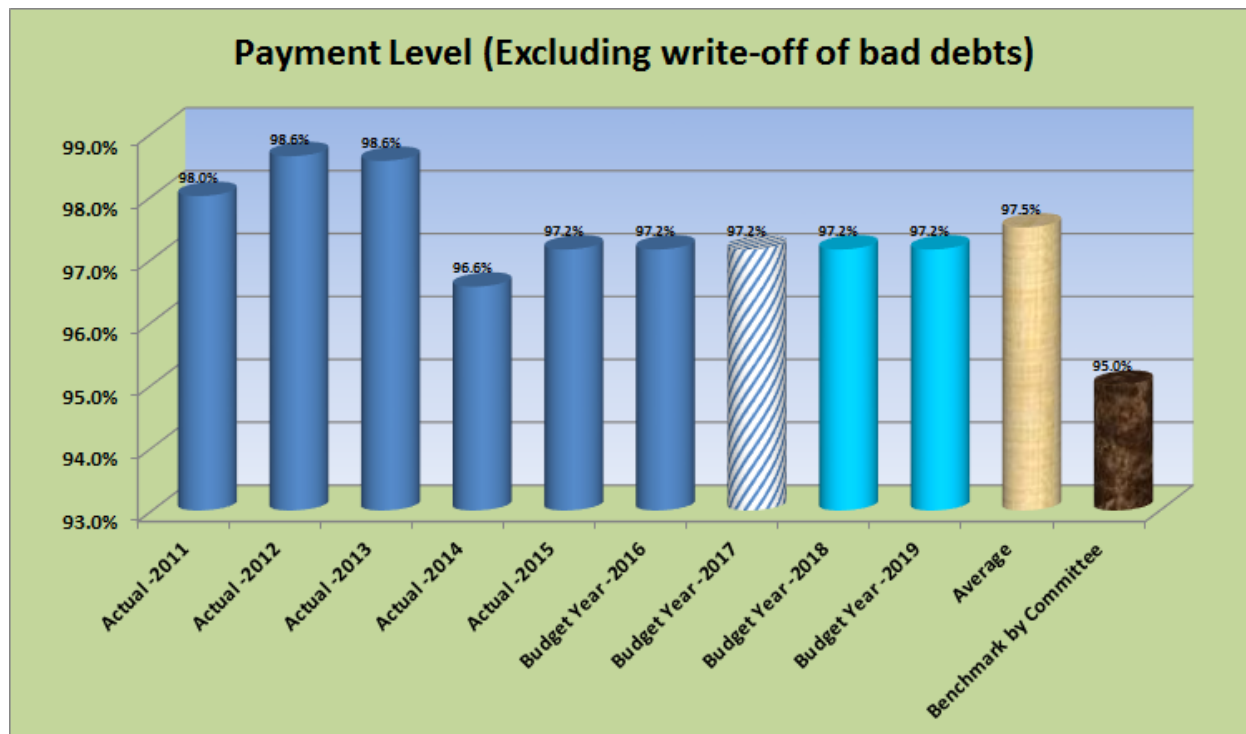
The asset test ratio is set to remain above the ratio of 2:1 over the entire MTREF. This provides us with a strong indication that the municipality will be able to settle commitments if and when they become due.



The full score of 10 is allocated to this indicator for all periods under review. The municipality should however take note of the downward trend that experienced in this ratio which is mainly the result of new external borrowings being introduced in the funding mix of the capital program resulting in an increase in payments due to financial institutions.

1.3.1.2 Payment Level

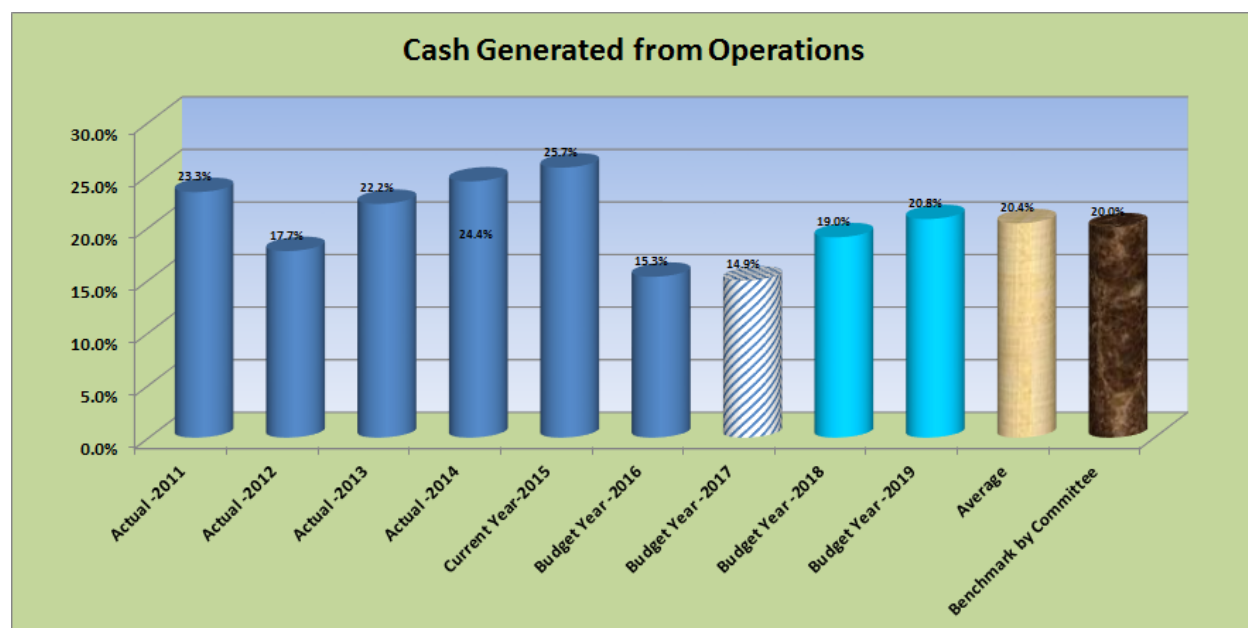
Historically, the municipality has always been able to apply strict measures when it comes to revenue collection and this trend is set to continue. The municipality managed to recover 97.15% of rates and service charges raised during 2014/15 and this trend is set to continue over the MTREF.



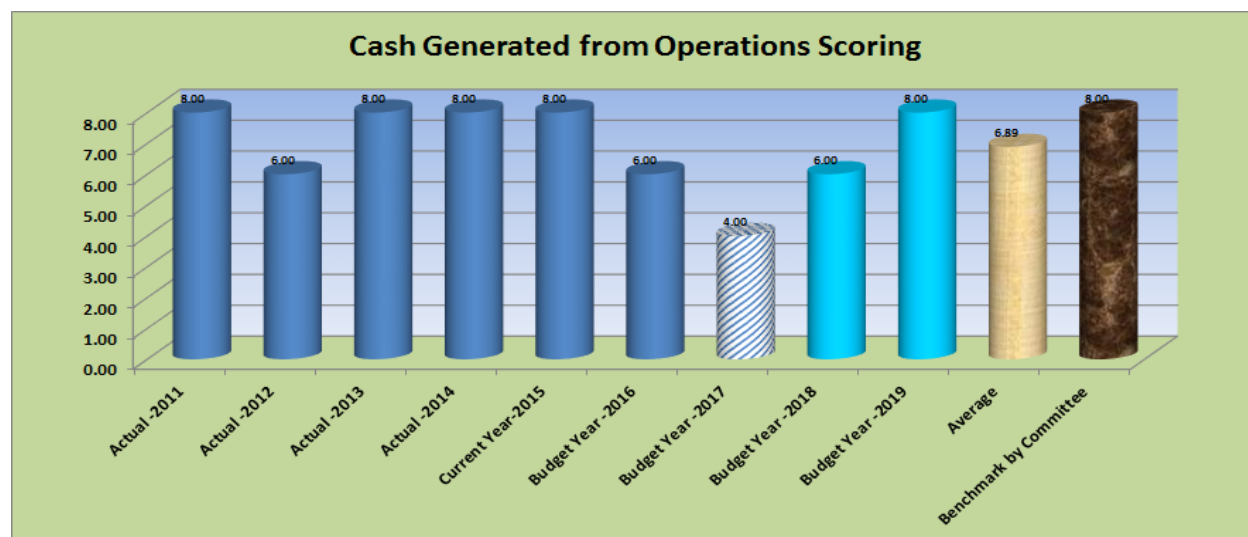
A full score of 15 is allocated for this indicator in all periods under review.

1.3.1.3 Cash Generated from Operations as % of Revenue

This indicator provides the municipality with a measure of the municipality's ability to translate the operating budget into cash. The downward trend as identified in the graph below is an indication of the inability of the municipality to pass the increases in major cost drivers to the consumer/rate payer in the form of service charges and taxes. The municipality should explore relevant areas where non-essential expenditure can be reduced in order to improve this indicator. Any improvement in this indicator will significantly contribute to the availability of cash resources for capital purposes.



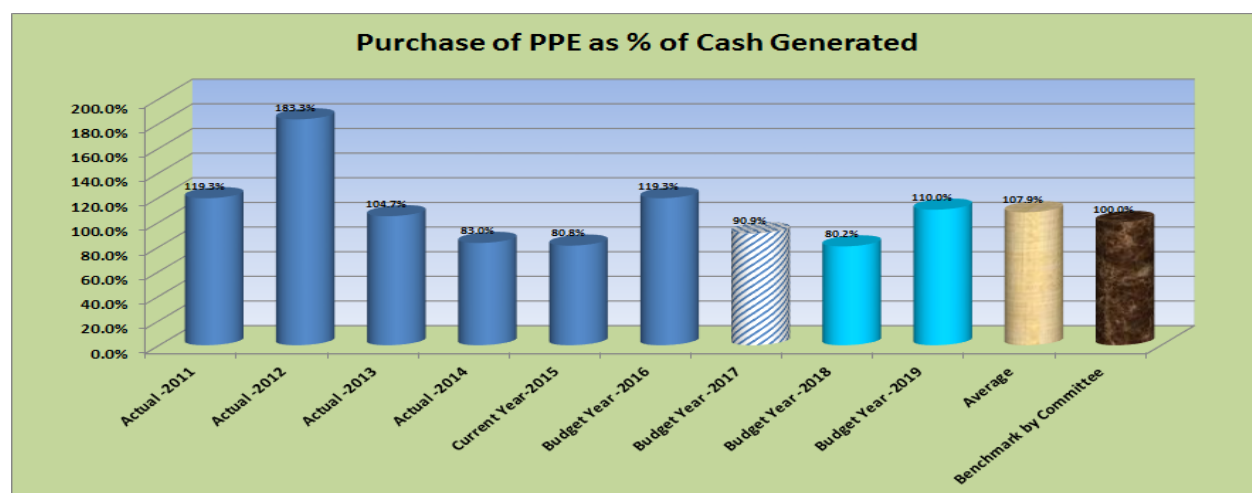
From a possible score of 8, the following are allocated to the municipality:



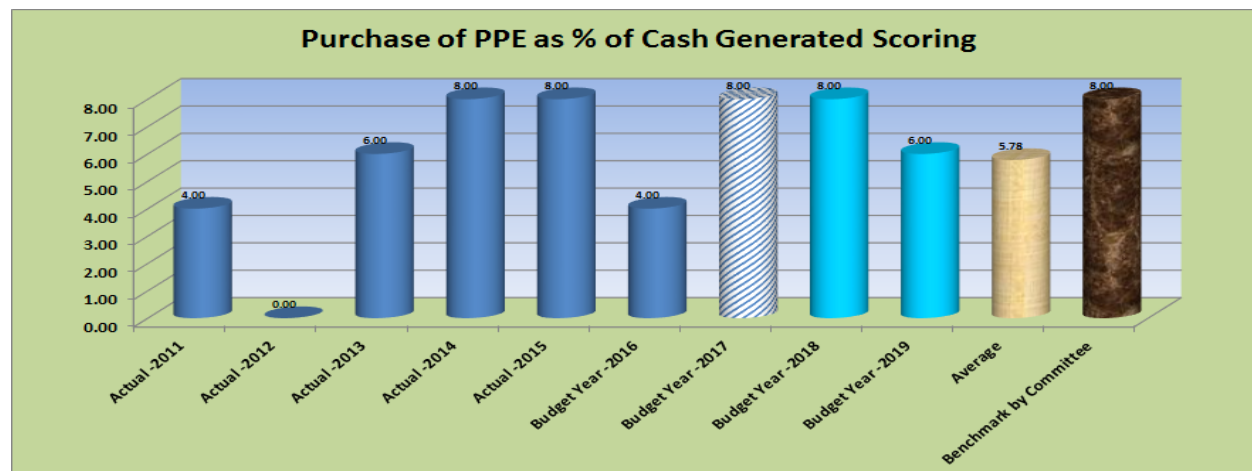
1.3.1.4 Purchase of PPE as % of Cash Generated

This indicator measures the ability of the municipality to finance the capital program from cash generated in the same financial period. Any indicator above 100% is indicative of a shortfall in cash which increases the need to utilize accumulated cash resources from prior years. Alternatively in order to preserve cash resources, the municipality will need to raise external loans. External loans is an excellent instrument to promote the principle of “user pays”, as the capital and interest cost associated with the loans are factored into the user tariffs over the useful life of the asset. It is also very useful to fast track much needed infrastructure projects where the municipality is not in a position to finance a specific project from own resources. The municipality should however be mindful of the affordability factor specifically relating to loans that will be discussed in more detail in section 1.3.1.7 and 1.3.1.8.

The following trend is evident from the current capital program employed by the municipality:



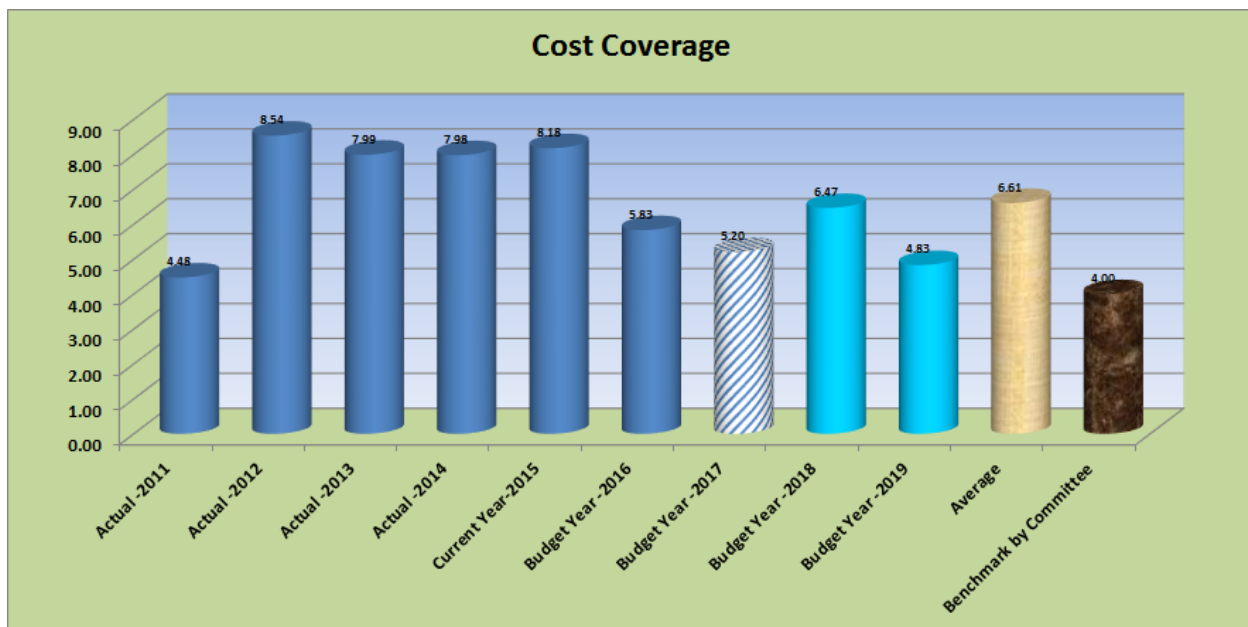
From a possible score of 8, the municipality will be allocated the following over the MTREF:



The municipality managed to score the maximum of 8 during 2016/17 and 2017/18. The decline experienced during the outer year can mainly be attributed to the large portion of the capital budget being allocated to the bulk water infrastructure that will be financed from external borrowing.

1.3.1.5 Cost Coverage

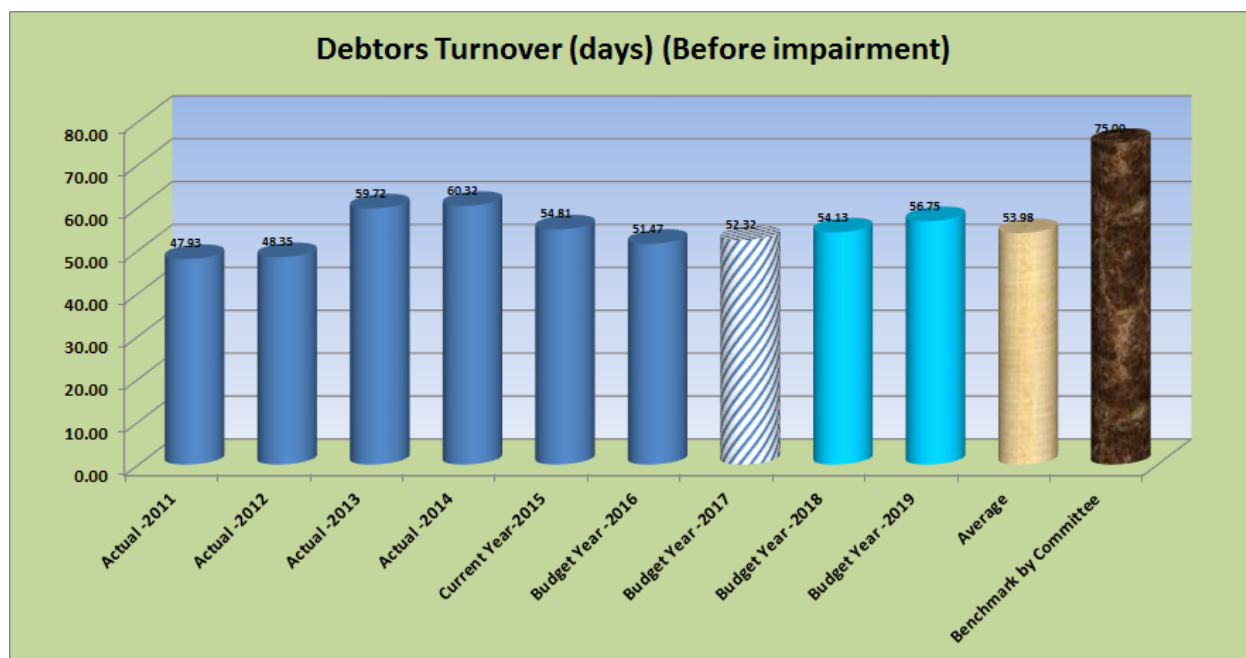
This ratio measures the amount of months' operating expenditure for which cash is available at each respective year-end. This indicator will also provide a good indication of how the municipality will be able to react to financial "shock/setbacks" that is beyond the control of the municipality (for example - National Treasury delays the payments of grants or a sudden drop in payment levels from consumers/rate payers). The guidelines provided by National Treasury indicate that a level of 1 to 3 months is considered to be acceptable. Swartland Municipality has however accepted a level of 4 months, which is in line with other municipalities that are considered to be financially sound, as the measure for this indicator.



The full score of 15 is allocated to this indicator for all periods under review.

1.3.1.6 Debtor Turnover Days

This ratio indicates to what extent credit control and debt collection measures are being implemented, as well as the municipality's policy with regards to writing off old debt. From a recovery point of view, the municipality is performing well above the norm at 97.15 % and this is quite evident in the graph below:



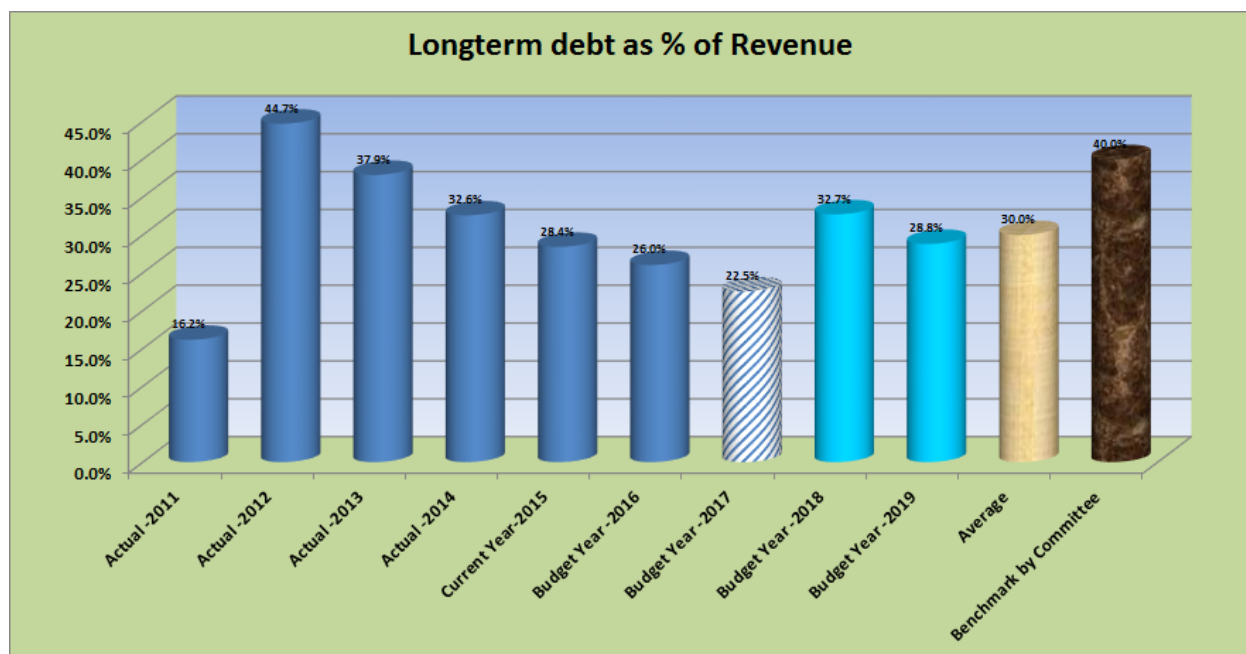
A full score of 2 is allocated to all periods under review.

1.3.1.7 Long Term Debt as % of Revenue

External borrowing is an important part of the funding model of the municipality. Not only does it instantly provide the municipality with relatively inexpensive capital to fast-track service delivery and infrastructure backlogs, but it also ensures that the user of the infrastructure pay for the use over the lifetime of the asset. The current capital program provides for a significant portion of the program to be financed through external financing.

This indicator provides the municipality with a debt ceiling – the maximum level of external borrowing that the municipality will be able to accommodate in the in the statement of financial position before the “affordability” factor becomes a concern.

Currently the municipality is operating well below the debt ceiling of 40%. Council should however consider the potential impact that the rapid increase in Electricity Service Charges could have on this benchmark. Service Charges Electricity contributed significantly to the increase in the operating revenue line items in recent years that resulted in the sharp decline in the ratio experienced since 2012. Based on the affordability ratio in 1.3.1.8 below, at current levels, the municipality might have already reached its debt ceiling.

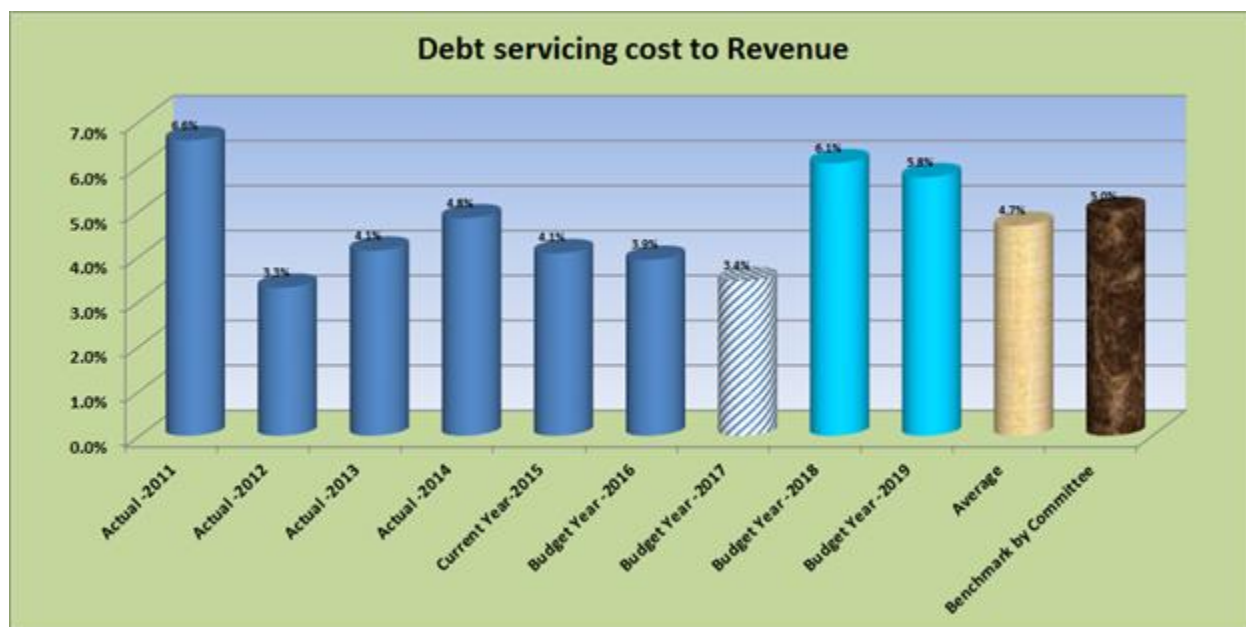


Based on the current funding mix, a full score of 5 is allocated to indicator over the entire MTREF.

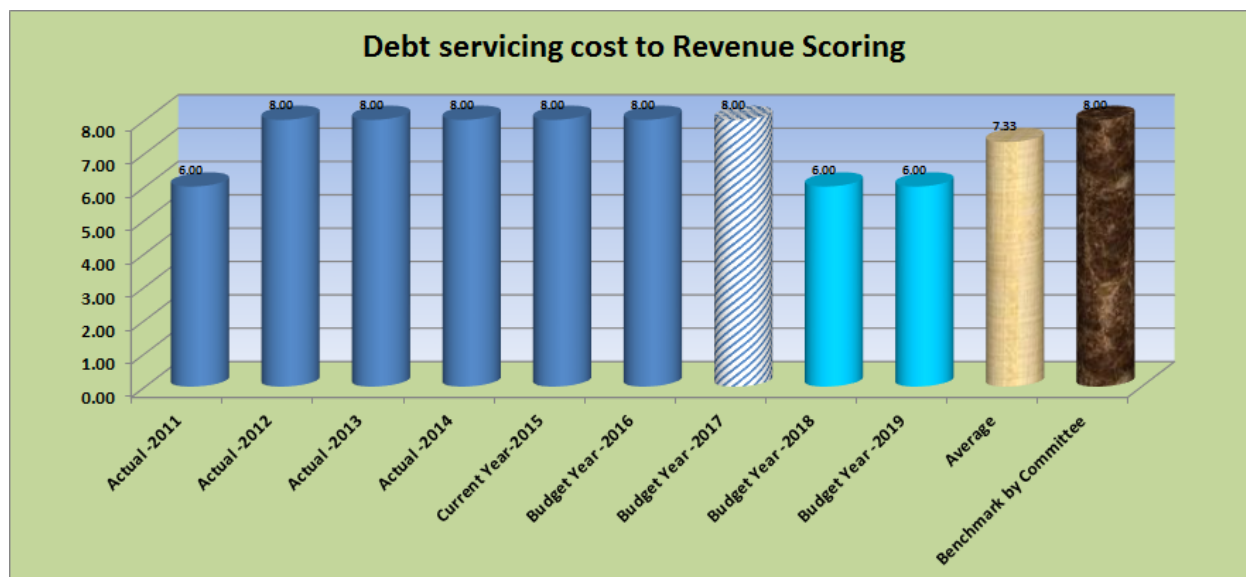
1.3.1.8 Debt Servicing Cost to Revenue

This indicator should be reviewed in conjunction with the debt ceiling as discussed in section 1.3.1.7 and is a measure of the ability of the operating budget to finance loan installments when they become due. A level of 5% is considered to affordable.

Based on the current level of debt, the indicator is expected to be above the norm of 5% during 2017/18 and 2018/19. From an affordability perspective, there are no further room to take up any additional loans.

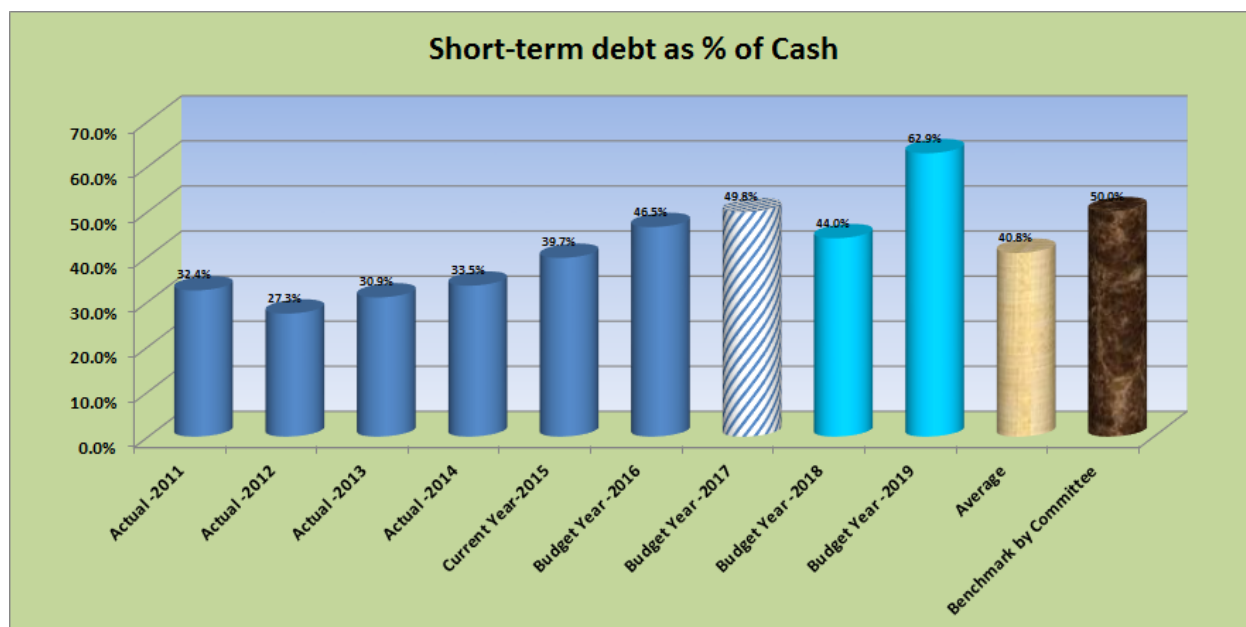


From a possible score of 8, the municipality will be allocated the following scores:



1.3.1.9 Short Term Debt as % of Cash

This indicator provides a measure of the municipality's ability to settle short term liabilities when they become due and payable. This indicator is positively impacted by the stabilising trend in cash resources as discussed earlier in this report. A level below 50% is considered to be acceptable.



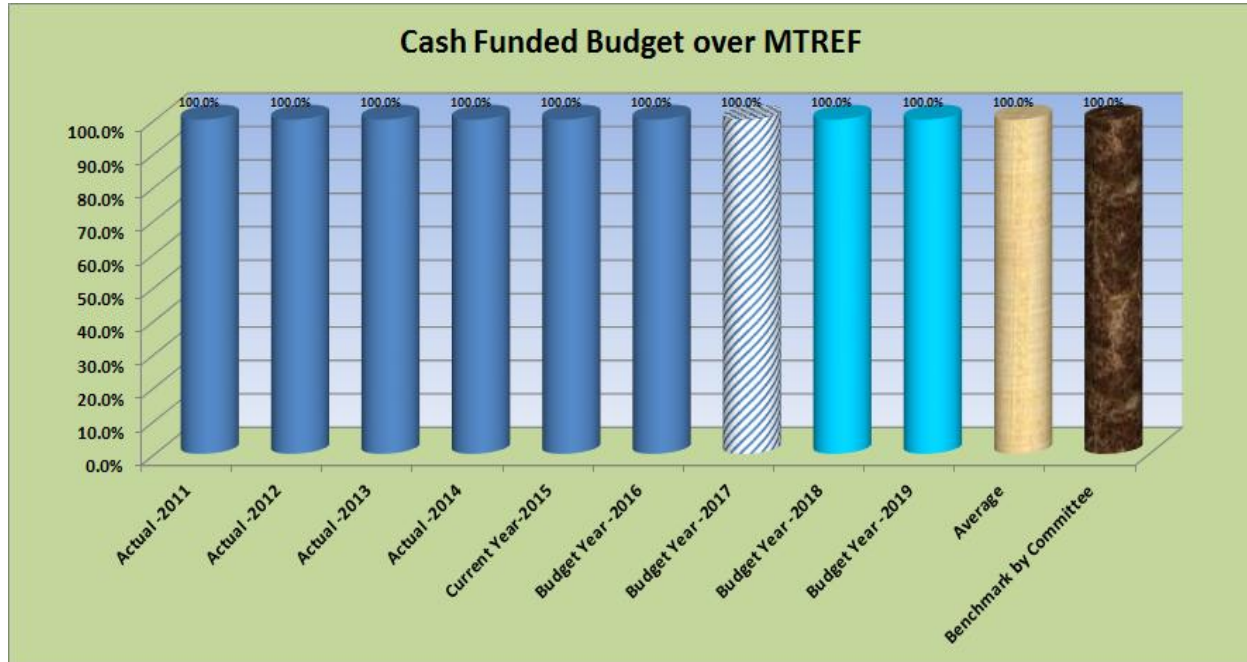
From a possible score of 4, the following is allocated:



1.3.1.10 Cash Funded Budget over the MTREF

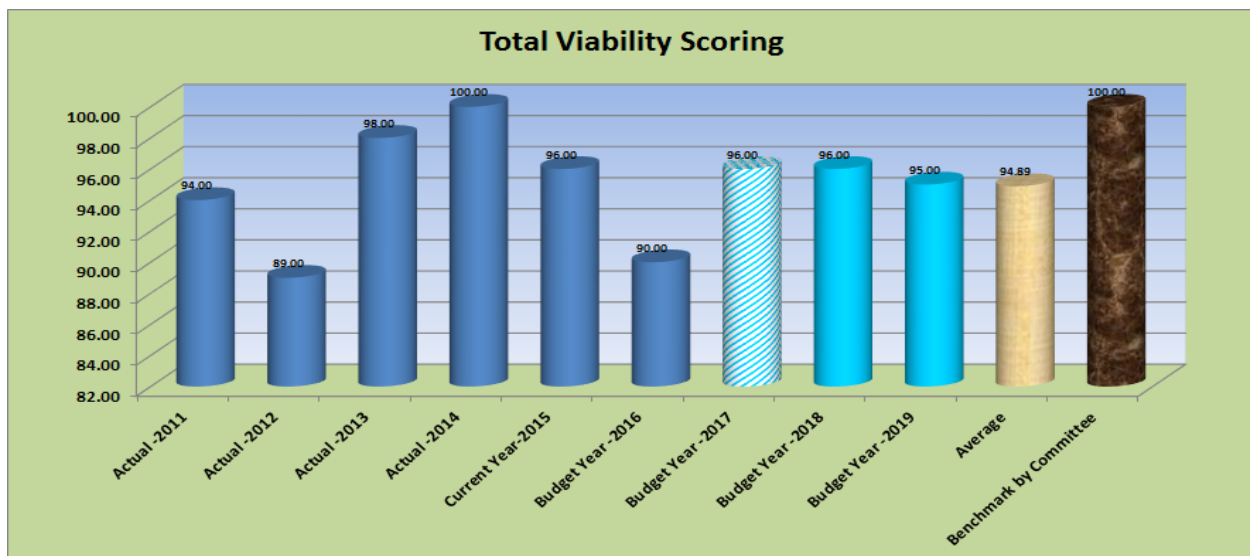
A cash funded budget is arguably the most important indicator for a credible budget that is aligned to the funding requirement in MFMA Section 18 and for this reason the indicator carries the largest weighting in the financial viability scoring model.

It is projected that the municipality will be cash funded for the entire MTREF and the full score of 25 is allocated to all periods under review.



1.3.1.11 Total Viability Scoring

Based on the outcome of the 10 indicators above, the total scoring over the MTREF will be slightly lower than the maximum score of 100. The scoring is still considered very healthy.



1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
 - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
 - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
 - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
 - (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Summary of revenue classified by main revenue source

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	Outcome	Outcome	Outcome	Budget	Budget			
Revenue By Source								
Property rates	67 274	70 548	73 332	78 939	78 939	85 129	92 899	100 561
Property rates - penalties & collection	–	–	–	–	–	–	–	–
Service charges - electricity revenue	165 057	173 572	191 017	208 823	208 747	235 449	252 807	271 264
Service charges - water revenue	30 945	32 269	38 515	41 620	41 696	46 904	59 926	67 300
Service charges - sanitation revenue	22 978	25 368	24 090	25 137	25 137	28 509	29 972	30 885
Service charges - refuse revenue	18 450	19 490	18 046	17 610	17 610	20 405	21 193	21 984
Service charges - other	–	–	–	–	–	–	–	–
Rental of facilities and equipment	2 885	3 235	3 430	3 349	3 349	3 586	3 759	3 940
Interest earned - external investments	9 917	12 934	16 371	8 300	17 800	17 300	17 300	17 300
Interest earned - outstanding debtors	1 441	1 586	1 693	1 376	1 376	1 483	1 495	1 509
Dividends received	–	–	–	–	–	–	–	–
Fines	2 948	23 725	27 316	25 735	25 735	28 236	30 236	32 237
Licences and permits	3 225	3 488	3 673	3 273	3 273	3 475	3 491	3 509
Agency services	2 496	2 725	3 105	2 799	2 799	2 939	3 086	3 240
Transfers recognised - operational	40 483	66 152	64 628	62 706	95 132	103 246	113 754	87 189
Other revenue	17 090	20 473	27 884	16 868	16 926	16 866	17 303	17 743
Gains on disposal of PPE	1 550	540	1 172	200	200	200	200	200
Total Revenue (excluding capital)	386 739	456 105	494 271	496 737	538 721	593 726	647 423	658 862

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Summary of revenue classified by municipal vote

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote								
Vote 1 - Corporate Services	5 609	6 084	6 648	9 929	9 987	10 510	8 042	8 814
Vote 2 - Civil Services	97 971	110 921	121 402	164 635	165 879	185 167	210 444	199 418
Vote 3 - Council	34 831	73 628	56 741	125	125	125	125	125
Vote 4 - Electricity Services	166 856	176 095	194 134	211 931	216 904	241 995	257 623	286 484
Vote 5 - Financial Services	92 485	97 827	115 277	107 784	117 533	129 014	143 315	155 323
Vote 6 - Development Services	4 645	4 423	6 490	23 168	56 102	26 302	26 196	5 835
Vote 7 - Municipal Manager	–	–	–	430	430	–	–	–
Vote 8 - Protection Services	8 963	30 382	34 656	32 218	32 218	35 328	37 749	39 422
Total Revenue by Vote	411 360	499 361	535 348	550 221	599 179	628 441	683 495	695 421

Percentage growth in revenue base by main revenue source

Description R thousand	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
Revenue By Source								
Property rates	78 939	14.7%	85 129	14.3%	92 899	14.4%	100 561	15.3%
Service charges - electricity revenue	208 747	38.8%	235 449	39.7%	252 807	39.1%	271 264	41.2%
Service charges - water revenue	41 696	7.7%	46 904	7.9%	59 926	9.3%	67 300	10.2%
Service charges - sanitation revenue	25 137	4.7%	28 509	4.8%	29 972	4.6%	30 885	4.7%
Service charges - refuse revenue	17 610	3.3%	20 405	3.4%	21 193	3.3%	21 984	3.3%
Rental of facilities and equipment	3 349	0.6%	3 586	0.6%	3 759	0.6%	3 940	0.6%
Interest earned - external investments	17 800	3.3%	17 300	2.9%	17 300	2.7%	17 300	2.6%
Interest earned - outstanding debtors	1376	0.3%	1483	0.2%	1495	0.2%	1509	0.2%
Fines	25 735	4.8%	28 236	4.8%	30 236	4.7%	32 237	4.9%
Licences and permits	3 273	0.6%	3 475	0.6%	3 491	0.5%	3 509	0.5%
Agency services	2 799	0.5%	2 939	0.5%	3 086	0.5%	3 240	0.5%
Transfers recognised - operational	95 132	17.7%	103 246	17.4%	113 754	17.6%	87 189	13.2%
Other revenue	16 926	3.1%	16 866	2.8%	17 303	2.7%	17 743	2.7%
Total Revenue (excluding capital transfers and contributions)	538 521	100%	593 526	100%	647 223	100%	658 662	100%
Total Revenue from Rates and Service Charges	372 130	69.1%	416 395	70.2%	456 797	70.6%	491 995	74.7%

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 69 and 75 percent of the total revenue mix. In the 2015/16 financial year, revenue from rates and

services charges amounts to R372.130 million or 69.1 per cent of total revenue mix. This figure increases to an estimated R416.395 million (70.2%), R456.797 million (70.6%) and R491.995 million (74.7%) in the respective financial years of the MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget. For this reason, the municipality should strive to maintain these revenue streams and if possible explore relevant avenues to increase these revenue sources.

More than 90 per cent of revenue is derived from the following sources:

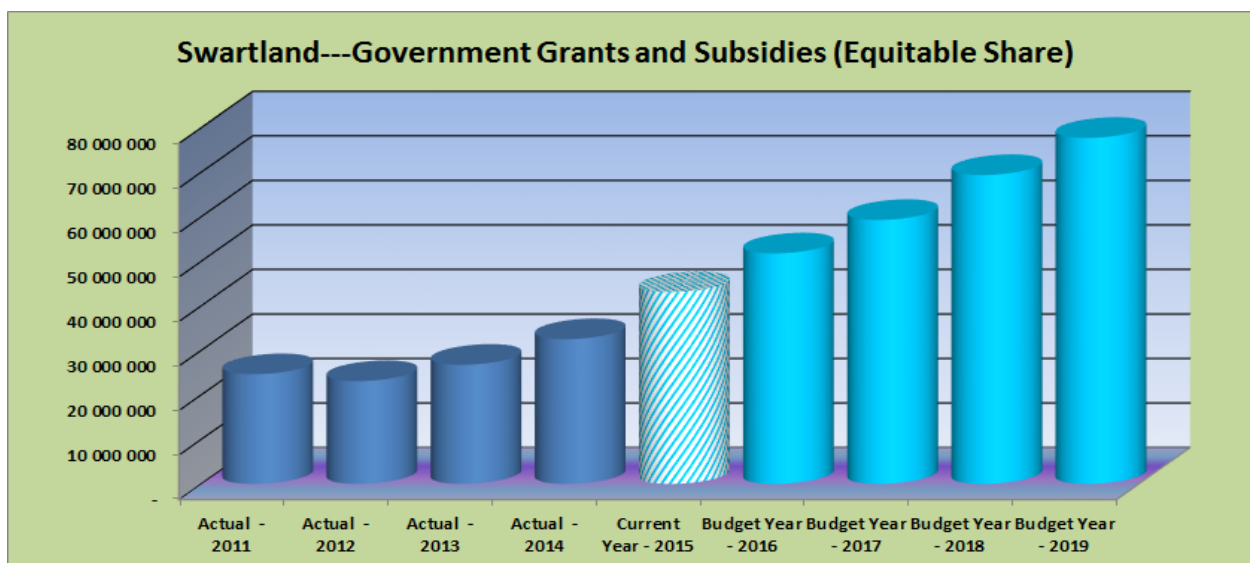
- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

1.4.1 Operating and Capital Grants

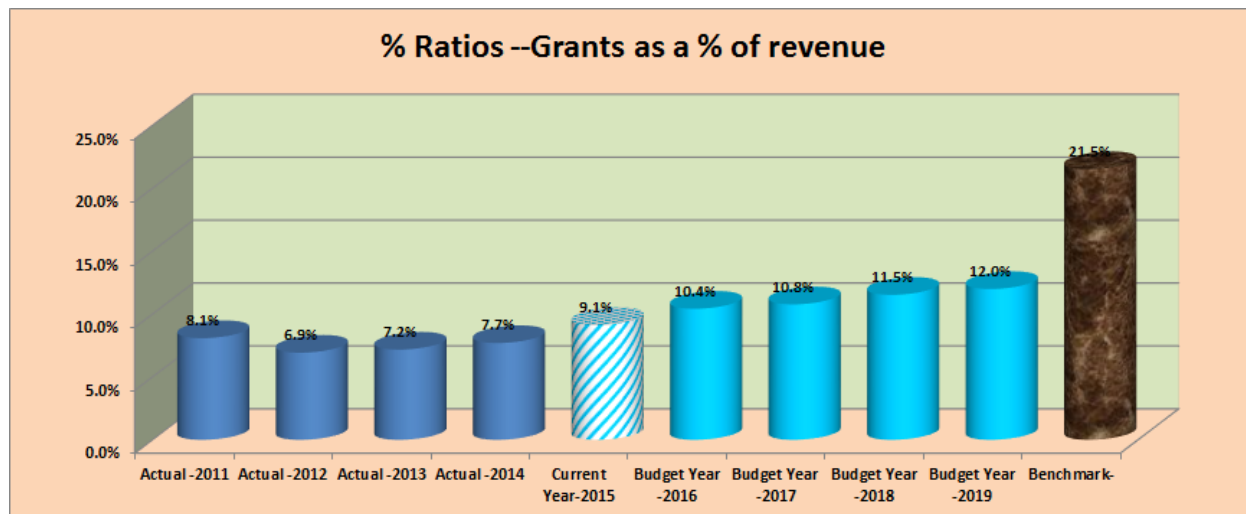
Grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis.

In line with the significant growth in population numbers over recent year (Swartland Municipality is the 5th fastest growing local municipality in South Africa for the period 2001 to 2011), the municipality has seen a significant increase in the DORA allocation for Equitable Share over the MTREF period.



Although the increase will be significant, the contribution to the total funding mix compared to other municipalities in the Western Cape is still very low:



The following grant allocations are currently factored into the budget of the municipality:

Description	2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				
EXPENDITURE:				
<u>Operating expenditure of Transfers and Grants</u>				
National Government:	55 436	62 210	70 914	79 258
Local Government Equitable Share	51 772	59 275	69 364	77 708
Municipal Systems Improvement	930	–	–	–
Finance Management	1 549	1 475	1 550	1 550
EPWP Incentive	1 185	1 460	–	–
Provincial Government:	39 599	41 036	42 840	7 931
Community Development: Workers	28	37	37	37
Housing	20 819	20 000	12 000	–
Refurbishment of Municipal Flats	2 000	–	–	–
Libraries	6 185	6 616	7 013	7 434
Proclaimed Roads Subsidy	9 948	14 263	23 550	–
Financial Management Support Grant	100	–	–	–
Financial Management Support Grant: Student Bursaries	–	120	240	360
Financial Management Support Grant: mSCOA	50	–	–	–
Ilinge Lethu Centre	100	–	–	100
RSEP/VPUU Municipal Projects	368	–	–	–
Other grant providers:	98	–	–	–
Disaster Fund	48	–	–	–
Financial Support: Bulk SMS System - DLG	50	–	–	–
Total operating expenditure of Transfers and Grants:	95 132	103 246	113 754	87 189
<u>Capital expenditure of Transfers and Grants</u>				
National Government:	27 709	22 430	21 722	32 759
Municipal Infrastructure Grant (MIG)	22 709	20 330	21 722	22 759
Energy Efficiency and Demand Side Management Grant	5 000	–	–	10 000
Integrated National Electrification Programme (municipal)	–	2 100	–	–
Provincial Government:	31 249	9 409	14 350	3 800
Human Settlements	28 516	–	7 700	–
RSEP/VPUU Municipal Projects	300	6 325	6 650	3 800
Libraries	2 425	3 030	–	–
Community Development: Workers	8	–	–	–
Sport facility	–	54	–	–
Other grant providers:	–	2 210	–	–
Accelerated Community Infrastructure Programme	–	2 210	–	–
Total capital expenditure of Transfers and Grants	58 958	34 049	36 072	36 559
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	154 090	137 295	149 826	123 748

1.4.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R95 000;
- For pensioners and disabled persons, in terms of the Council's Tariff Policy, an additional total rebate of the rates payable on a R300 000 valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based are as follows:

Rates	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Geographical Areas	R 0.002212	R 0.002452	R 0.003235	R 0.004102	R 0.005062
Agricultural Areas @ 20% of Residential Household	R 0.001516	R 0.001090	R 0.001271	R 0.001347	R 0.001428
Business	R 0.007631	R 0.006811	R 0.007356	R 0.007944	R 0.008580
Residential Household	R 0.006319	R 0.005449	R 0.005776	R 0.006122	R 0.006490
Businesses in Agricultural Areas 100% - 2009	R 0.007631	R 0.006811	R 0.007356	R 0.007944	R 0.008580
Government properties	R 0.007631	R 0.006811	R 0.007356	R 0.007944	R 0.008580
Pensioners @ 60% of residential - condition apply	R 0.003791	R 0.003269	R 0.003465	R 0.003673	R 0.003893

Recent investigations indicated that rates applicable to businesses were relatively lower compared to other major municipalities. This warranted an increase of 2% over and above the 6% general increase provided. These increases are relatively in line with the upper limit of the South African Reserve Bank's inflation target. Increases above the proposed 6% are also warranted to ensure that the operating deficit generated by the municipality is reduced.

1.4.3 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and

- Water tariffs are designed to encourage efficient and sustainable consumption.

Water service charges are currently not cost reflective at Swartland Municipality and it is not expected that the service will become cost reflective over the MTREF.

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Water	35 164	36 478	44 271	52 114	49 628	52 680	66 204	74 126
Expenditure - Water	41 814	42 881	49 270	57 885	55 236	59 525	78 457	83 373
Net Surplus/(Deficit)	(6 649)	(6 403)	(4 999)	(5 771)	(5 609)	(6 845)	(12 253)	(9 247)
Net Surplus/(Deficit) %	-18.91%	-17.55%	-11.29%	-11.07%	-11.30%	-12.99%	-18.51%	-12.47%

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Water	2015/2016	2016/2017	2017/2018	2018/2019
Household: 4 kl Free	R -	R -	R -	R -
Household: 5 kl - 25 kl	R 10.21	R 11.23	R 12.57	R 14.08
Household: 26 kl - 50 kl	R 14.06	R 15.46	R 17.31	R 19.39
Household: 51 kl and more	R 21.77	R 23.94	R 26.81	R 30.03
Equit Share: 8 kl Free - 2 kl Council + 6 kl EQS	R -	R -	R -	R -
Business	R 14.51	R 15.95	R 17.87	R 20.01
Farms Business	R 14.51	R 15.95	R 17.87	R 20.01
Sport Clubs	R 12.27	R 13.49	R 15.11	R 16.92
Departemental water consumption	R 10.21	R 11.23	R 12.57	R 14.08
Farms Household: 4 kl Free	R -	R -	R -	R -
Farms Household: 5 kl - 25 kl	R 10.21	R 11.23	R 12.57	R 14.08
Farms Household: 26 kl - 50 kl	R 14.06	R 15.46	R 17.31	R 19.39
Farms Household: 51 kl and more	R 21.77	R 23.94	R 26.81	R 30.03

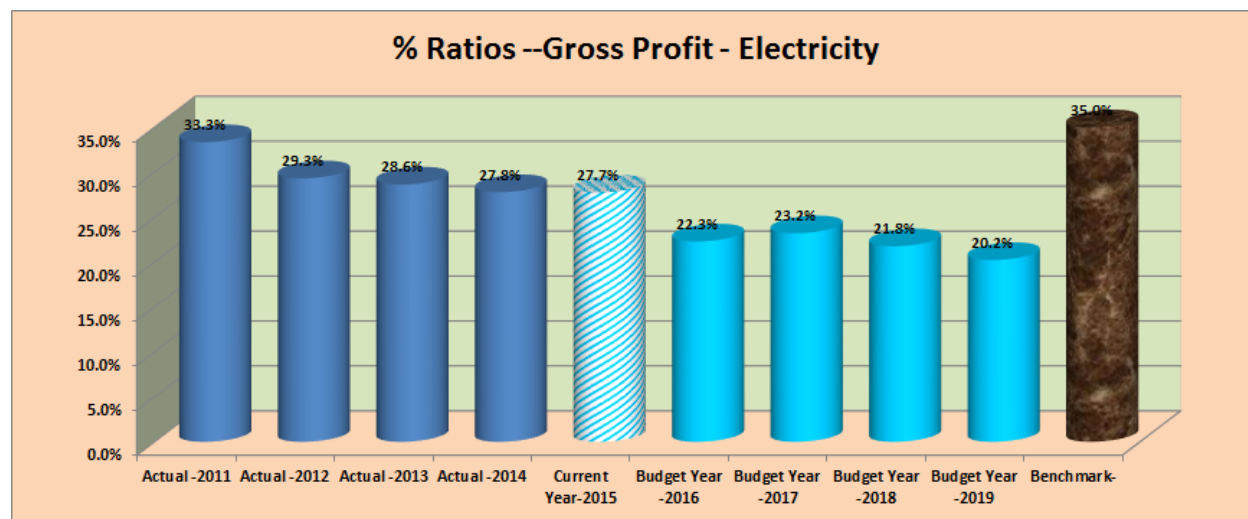
The following increases are factored into the tariffs above:

Water	2016/2017	2017/2018	2018/2019
Household: 4 kl Free			
Household: 5 - 25 Kl	9.95%	12.00%	12.00%
Household: 26 - 50 Kl	9.95%	12.00%	12.00%
Household: 51 and more	9.95%	12.00%	12.00%
Equit Share: 8 kl Free - 2 kl Council + 6 EQS			
Business	9.95%	12.00%	12.00%
Farms Business	9.95%	12.00%	12.00%
Sport Clubs	9.95%	12.00%	12.00%
Departemental water consumption	9.95%	12.00%	12.00%
Farms Household: 4 kl Free			
Farms Household: 5 - 25 Kl	9.95%	12.00%	12.00%
Farms Household: 26 - 50 Kl	9.95%	12.00%	12.00%
Farms Household: 51 and more	9.95%	12.00%	12.00%

Increases over and above the 6.6 per cent upper limit of the South African Reserve Bank's Inflation target is required to compensate for the shortfall currently experienced in delivering the water services. Recent studies have also indicated that the current water tariff charged by Swartland Municipality is also below that of its major peers.

1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading account which should operate at a significant profit. From the graph below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer.



NERSA approved an electricity bulk purchases increase amounting to 9.4% effective from 1 July 2016.

Although the service is still operating at a surplus over the MTREF, the profitability of the service is expected to be lower over the MTREF when compared to the most recent actual results (2014/15).

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Electricity	166 855	176 095	194 129	211 931	211 855	239 895	257 623	276 484
Expenditure - Electricity	146 557	154 305	168 816	198 062	198 482	216 746	234 479	254 154
Net Surplus/(Deficit)	20 298	21 790	25 313	13 869	13 372	23 149	23 144	22 330
Net Surplus/(Deficit) %	12.16%	12.37%	13.04%	6.54%	6.31%	9.65%	8.98%	8.08%

With the proposed increases in tariffs relating to electricity largely beyond the control of the municipality, measures should be put in place to curb expenditure and electricity losses (which is already very low compared to industry standards) to ensure the service remains profitable in the foreseeable future. Electricity losses during 2013/14 and 2014/15 were calculated at 5.71 per cent, which is significantly lower than the 8.6 per cent calculated in 2012/13.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period:

Electricity		2015/2016	2016/2017	2017/2018	2018/2019
1	Households and Farming Consumers Basic	R 154.7158	R 166.5361	R 179.2594	R 192.9549
1	Households and Farming Consumers per kWh:-				
1	(0-50kWh)	R 0.7866	R 0.8400	R 0.8970	R 0.9580
1	(51-350kWh)	R 0.9980	R 1.0800	R 1.1688	R 1.2649
1	(351-600kWh)	R 1.4137	R 1.5200	R 1.6343	R 1.7572
1	(>600kWh)	R 1.6606	R 1.7900	R 1.9294	R 2.0797
2	Commerce / Non Standard . Basic Ampere	R 7.2626	R 7.8175	R 8.4147	R 9.0576
2	Commerce / Non Standard .per kWh	R 1.301913	R 1.401379	R 1.508445	R 1.623690
2	Commerce Basic < 20KVA	R 393.5135	R 423.5779	R 455.9393	R 490.7730
2	Commerce Basic 20 to 40 KVA	R 517.6123	R 557.1579	R 599.7247	R 645.5437
2	Commerce Basic >40 KVA	R 944.6901	R 1 016.8644	R 1 094.5529	R 1 178.1767
2	Commerce Basic < 20KVA per kWh	R 1.301913	R 1.401379	R 1.508445	R 1.623690
2	Commerce Basic 20 to 40 KVA per kWh	R 1.301913	R 1.401379	R 1.508445	R 1.623690
2	Commerce Basic >40 KVA per kWh	R 1.301913	R 1.401379	R 1.508445	R 1.623690
3	Bulk Consumers Basic	R 1 062.7500	R 1 146.2822	R 1 236.3799	R 1 333.5594
3	Bulk Consumers - kWh	R 0.499686	R 0.538961	R 0.581324	R 0.627016
3	Bulk Consumers - Max. Demand KVA	R 204.8735	R 220.5258	R 237.3740	R 255.5094
4	Retail Consumers > 100 kWh	R 1.8021	R 1.9398	R 2.087980	R 2.247501
4	Retail Consumers < 100 kWh	R 1.8021	R 1.9398	R 2.087980	R 2.247501
5	Alternative - Households 20 Amp:-				
5	(0-50kWh)	R 0.7200	R 0.7700	R 0.8234	R 0.8805
5	(51-350kWh)	R 0.9300	R 1.0100	R 1.0968	R 1.1912
5	(351-600kWh)	R 1.3401	R 1.4401	R 1.5475	R 1.6629
5	(>600kWh)	R 1.6000	R 1.7299	R 1.8704	R 2.0223
6	Street Lights	R 0.8235	R 0.8864	R 0.9541	R 1.0270
7	Prepaid - Indigent ready bord:-				
7	(0-50kWh)	R 0.7200	R 0.7700	R 0.8234	R 0.8805
7	(51-350kWh)	R 0.9300	R 1.0100	R 1.0968	R 1.1912
7	(351-600kWh)	R 1.3401	R 1.4401	R 1.5475	R 1.6629
7	(>600kWh)	R 1.6000	R 1.7299	R 1.8704	R 2.0223
8	Commercial Pre paid	R 1.740000	R 1.872936	R 2.016028	R 2.170053
9	Sports Grounds	R 2.9449	R 3.1699	R 3.412100	R 3.672785

Electricity		2015/2016	2016/2017	2017/2018	2018/2019
10	Bulk time of use tariff	R 1 062.74	R 1 146.28	R 1 236.38	R 1 333.56
10	Tou Basic				
10	Extention Levy Tou	R -	R -	R -	R -
10	Tou Low Consumption				
10	Peak (kWh)	R 0.8559	R 0.9232	R 0.995765	R 1.074033
10	Standard (kWh)	R 0.5890	R 0.6353	R 0.685278	R 0.739141
10	Off peak (kWh)	R 0.3736	R 0.4030	R 0.434631	R 0.468793
10	Tou high Consumption				
10	Peak (kWh)	R 2.6241	R 2.8303	R 3.052781	R 3.292729
10	Standard (kWh)	R 0.7949	R 0.8574	R 0.924771	R 0.997459
10	Off peak (kWh)	R 0.4316	R 0.4655	R 0.502083	R 0.541546
10	Maksimum aanvraag KVA	R 137.4045	R 147.9022	R 159.2019	R 171.3650
11	Net Metering: Households Non-Indigent				
11	Household Consumer Basic	R 154.7208	R 166.5415	R 179.2652	R 192.9611
11	Import kWh (supplied by municipality) 1 < 600 kWh	R 1.1815	R 1.2718	R 1.3689	R 1.4735
11	Import kWh (supplied by municipality) 2 > 600 kWh	New Tariff	R 1.7900	R 1.9268	R 2.0740
11	Export kWh (supplied to mun-max/month<import kWh)	R 0.6850	R 0.6850	R 0.6850	R 0.6850
12	Prepaid - Households:- Non Indigent				
12	(0-350kWh)	R 1.4985	R 1.6049	R 1.7188	R 1.8409
12	> 350 kWh	R 1.6012	R 1.7235	R 1.8552	R 1.9969

The proposed tariff increases are above the upper limit of the South African Reserve Bank's Inflation target of 6.6%. These increases are however required to compensate for the increase in bulk purchases as approved by NERSA.

AI increases are in line with the guidance provided by NERSA.

1.4.5 Sanitation and Impact of Tariff Increases

It was estimated in the 2011 Census that only 77.3% of flush toilets were connected to a sewerage network. In order to contribute to this service delivery backlog, it is very important for the service to be operated a surplus.

The table below indicates that the service will be cost reflective during 2016/17 as well as the remainder of the MTREF.

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Sanitation	34 804	40 003	41 215	49 269	49 269	51 431	54 721	57 685
Expenditure - Sanitation	24 835	31 964	38 107	42 187	42 465	45 409	46 349	47 312
Net Surplus/(Deficit)	9 969	8 038	3 108	7 081	6 803	6 022	8 373	10 374
Net Surplus/(Deficit) %	28.64%	20.09%	7.54%	14.37%	13.81%	11.71%	15.30%	17.98%

The following proposed tariffs were incorporated in the MTREF:

Sanitation	2015/2016	2016/2017	2017/2018	2018/2019
Swartland 2 nd point	R 26.45	R 29.10	R 30.84	R 32.69
Swartland 1 st point	R 176.35	R 193.99	R 205.62	R 217.96
Sanitation Domestic pumpings 1 st 2 p.m.	R 176.35	R 193.99	R 205.62	R 217.96
Riebeek Wes Flow over 50% discount	R 88.18	R 96.99	R 102.81	R 108.98

An increase of 10% is factored into the tariffs during 2016/17, while the proposed increase for the 2 outer years are 6%. A large portion of water consumption finds its way into the sewerage system of the municipality. This increase of 10%, which is above the upper limit of the South African Reserve Banks inflation target of 6.6%, is required to compensate for the shortfall currently experienced in the water service.

1.4.6 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a small surplus which indicates that the tariffs are cost reflective. The service remains cost reflective over the entire MTREF.

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
Revenue - Refuse	25 682	27 291	26 013	30 387	30 387	33 218	34 940	37 019
Expenditure - Refuse	21 810	22 667	24 801	28 959	29 054	29 514	31 383	33 554
Net Surplus/(Deficit)	3 872	4 624	1 211	1 428	1 333	3 704	3 557	3 465
Net Surplus/(Deficit) %	15.08%	16.94%	4.66%	4.70%	4.39%	11.15%	10.18%	9.36%

The following table compares current and proposed amounts payable from 1 July 2016:

Refuse Removal	2015/2016	2016/2017	2017/2018	2018/2019
Bonny Bird Farms	R 101.11	R 107.18	R 113.61	R 120.42
Bulk Containers	R 606.70	R 643.10	R 681.69	R 722.59
Commerce (Moorreesburg Only)	R 101.11	R 107.18	R 113.61	R 120.42
Peri Urban Areas	R 101.11	R 107.18	R 113.61	R 120.42
All Other	R 101.11	R 107.18	R 113.61	R 120.42

The following increases are proposed over the MTREF:

Refuse Removal	2016/2017	2017/2018	2018/2019
Bonny Bird Farms	6.00%	6.00%	6.00%
Bulk Containers	6.00%	6.00%	6.00%
Commerce (Moorreesburg Only)	6.00%	6.00%	6.00%
Peri Urban Areas	6.00%	6.00%	6.00%
All Other	6.00%	6.00%	6.00%

Overall impact of tariff increases on households

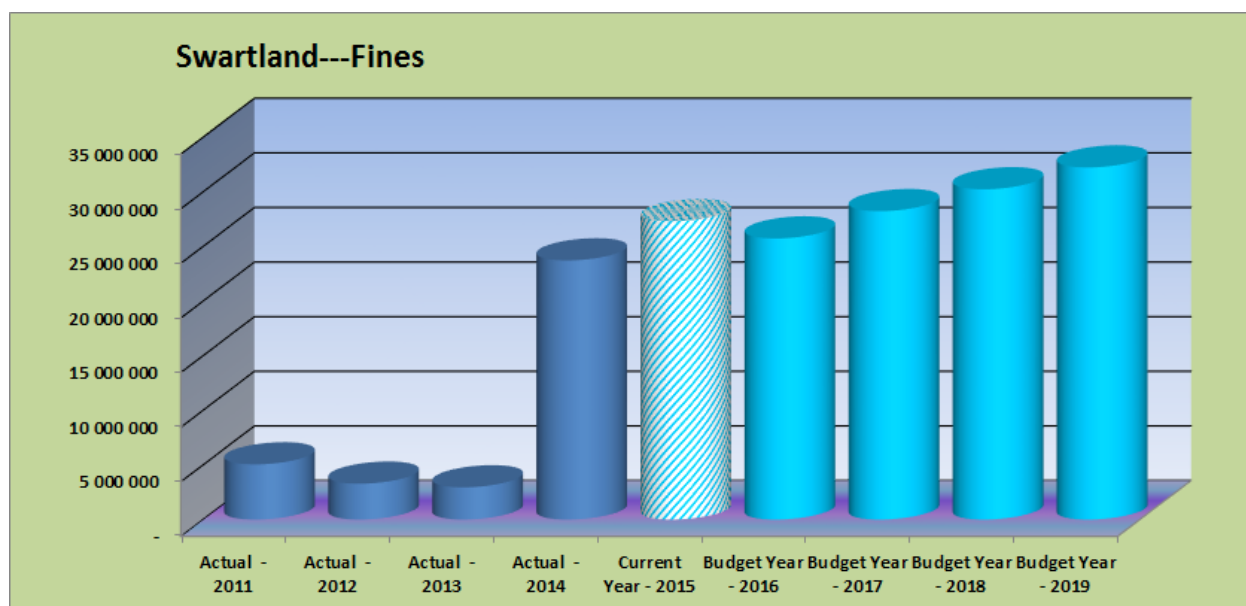
The following table shows the overall expected impact of the tariff increases on various households.

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	366.86	334.37	347.73	368.61	368.61	368.61	(13.8%)	336.93	357.12	378.58
Electricity: Basic levy	118.33	126.38	135.72	154.72	154.72	154.72	7.6%	166.54	179.26	192.95
Electricity: Consumption	1 067.50	1 139.69	1 222.99	1 372.24	1 372.24	1 372.24	7.6%	1 462.00	1 575.83	1 698.55
Water: Basic levy	—	—	—	—	—	—	—	—	—	—
Water: Consumption	196.56	208.35	222.90	245.14	245.14	245.14	9.95%	291.87	326.90	366.13
Sanitation	126.71	143.18	161.79	176.35	176.35	176.35	10.00%	193.99	205.62	217.96
Refuse removal	82.74	88.32	93.62	101.11	101.11	101.11	6.0%	107.18	113.61	120.42
Other	—	—	—	—	—	—	—	—	—	—
sub-total	1 958.70	2 040.30	2 184.75	2 418.17	2 418.17	2 418.17	5.8%	2 558.50	2 758.34	2 974.60
VAT on Services	222.86	238.83	257.18	286.94	286.94	286.94		311.02	336.17	363.44
Total large household bill:	2 181.56	2 279.13	2 441.93	2 705.11	2 705.11	2 705.11	6.1%	2 869.52	3 094.51	3 338.04
% increase/-decrease		4.5%	7.1%	10.8%	—	—		6.1%	7.8%	7.9%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	262.04	238.83	248.38	263.29	263.29	263.29	(13.8%)	240.67	255.08	270.42
Electricity: Basic levy	118.33	126.38	135.72	154.72	154.72	154.72	7.6%	166.54	179.26	192.95
Electricity: Consumption	429.00	471.75	505.01	566.64	566.64	566.64	7.6%	594.01	640.64	690.95
Water: Basic levy	—	—	—	—	—	—	—	—	—	—
Water: Consumption	32.76	148.62	176.46	194.07	194.07	194.07	9.95%	235.74	264.03	295.72
Sanitation	126.71	143.18	161.79	176.35	176.35	176.35	10.00%	193.99	205.62	217.96
Refuse removal	82.74	88.32	93.62	101.11	101.11	101.11	6.0%	107.18	113.61	120.42
Other	—	—	—	—	—	—	—	—	—	—
sub-total	1 051.58	1 217.09	1 320.98	1 456.18	1 456.18	1 456.18	5.6%	1 538.12	1 658.25	1 788.42
VAT on Services	110.54	136.96	150.16	167.01	167.01	167.01		181.64	196.44	212.52
Total small household bill:	1 162.12	1 354.05	1 471.15	1 623.19	1 623.19	1 623.19	5.9%	1 719.76	1 854.69	2 000.94
% increase/-decrease		16.5%	8.6%	10.3%	—	—		5.9%	7.8%	7.9%
Monthly Account for Household - 'Indigent Household receiving free basic services'										
Rates and services charges:										
Property rates	132.50	157.23	176.65	190.78	190.78	190.78	(13.8%)	116.35	125.67	135.71
Electricity: Basic levy	—	—	—	—	—	—	7.6%	—	—	—
Electricity: Consumption	216.00	238.00	269.52	302.41	302.41	302.41	7.6%	302.99	395.50	427.37
Water: Basic levy	—	—	—	—	—	—	—	—	—	—
Water: Consumption	101.92	114.66	92.88	112.36	112.36	112.36	9.95%	157.16	176.02	197.14
Sanitation	110.18	126.71	161.79	176.35	176.35	176.35	10.00%	193.99	205.62	217.96
Refuse removal	77.51	82.74	93.62	101.11	101.11	101.11	6.0%	107.18	113.61	120.42
Other	—	—	—	—	—	—	—	—	—	—
sub-total	638.11	719.34	794.46	883.00	883.00	883.00	(0.6%)	877.67	1 016.42	1 098.60
VAT on Services	70.79	78.70	150.16	167.01	167.01	97.00		106.58	124.71	134.81
Total small household bill:	708.90	798.04	944.62	1 050.01	1 050.01	980.00	(6.3%)	984.26	1 141.12	1 233.41
% increase/-decrease		12.6%	18.4%	11.2%	—	(6.7%)		0.4%	15.9%	8.1%

1.4.7 Fines

Fines represent approximately 5 per cent of the revenue mix of the municipality.

The fines collection rate during 2013/14 amounted to 21.33 per cent. During 2014/15 this figure improved to 24.49 per cent. This improvement is considered very positive, but there are still room for further improvement in the recovery rate of fines in order to maximize to potential this revenue stream can have on the cash flow position of the municipality.



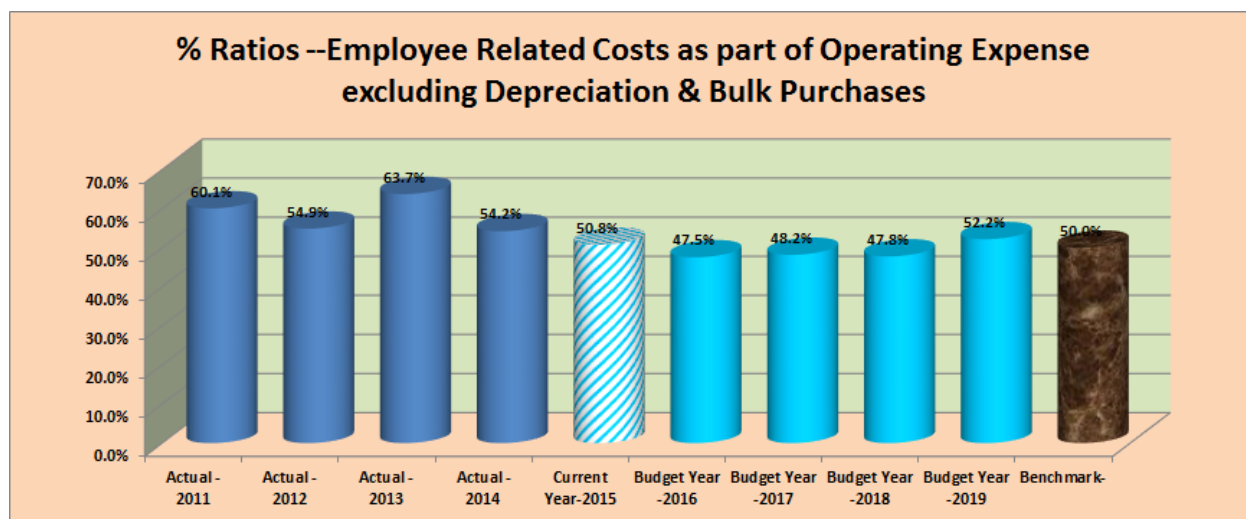
1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
Expenditure By Type								
Employee related costs	125 820	129 031	135 231	156 706	159 372	175 657	183 962	198 062
Remuneration of councillors	6 703	7 703	8 174	9 530	9 530	9 243	9 797	10 385
Debt impairment	1 260	18 913	16 005	34 381	31 013	17 983	19 062	20 206
Depreciation & asset impairment	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
Finance charges	8 486	15 107	14 768	20 199	14 501	13 923	28 448	27 138
Bulk purchases	137 413	145 166	162 972	187 316	189 384	212 388	224 831	246 671
Contracted services	3 096	3 352	3 554	3 660	3 660	4 239	4 467	4 762
Transfers and grants	1 293	1 975	1 999	2 137	2 137	2 137	2 137	2 206
Other expenditure	52 496	78 148	71 197	70 158	109 603	119 740	119 925	84 229
Loss on disposal of PPE	2 042	9 124	28 474	2 144	2 144	2 251	2 364	2 482
Total Expenditure	413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867

The budgeted allocation for employee related costs for the 2016/17 financial year totals R175.658 million, which equals 27.39 per cent of the total operating expenditure. This percentage is set to remain very constant over the MTREF. Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on a more equal basis the situation is as follows:



This ratio is in line with the benchmark figure of 50% throughout the MTREF. The room for any upwards adjustments in employee related costs over and above the current levels are very limited and should be carefully considered before implementing any further salary increases or employing further officials.

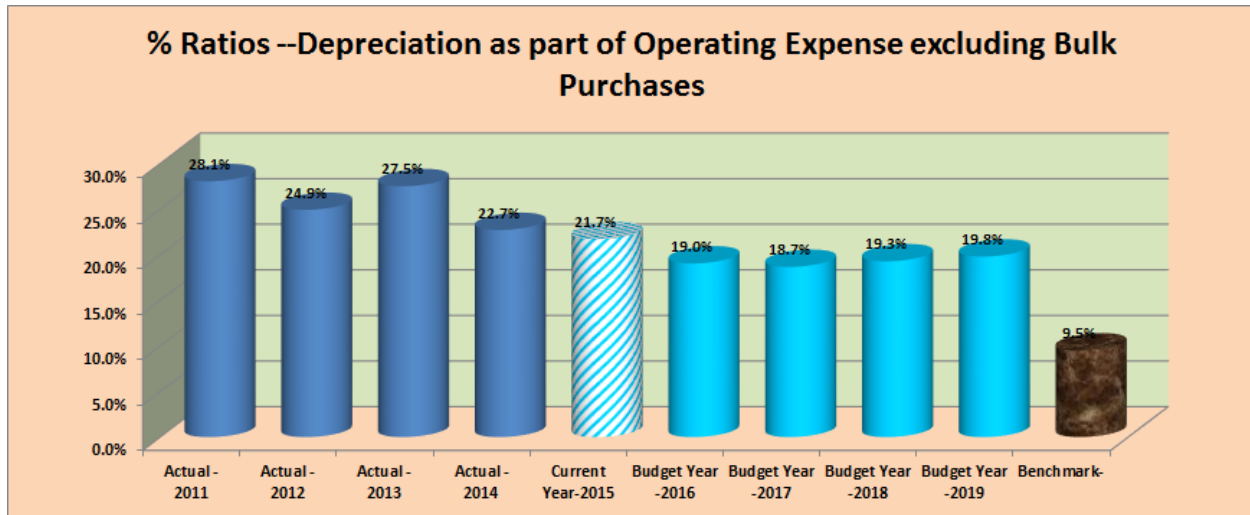
The increase in Employee Related Costs takes into account the multi-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on historical actual collection rates of receivables.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high:



Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). The municipality is planning on taking up an additional loan on 1 July 2017 amounting to R 83 227 195. The interest payable at 12.54% over the term of the loan is factored into the applicable periods of the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services currently consist of the following and are linked to the delivery of primary services:

- Printing of Accounts
- Cleaning Services
- Cleaning Public Open Spaces
- Highlands Refuse Dump: Recycling
- Refuse Removal: Wasteman
- Sweeping of Streets

Other expenditure comprises of various line items relating to the daily operations of the municipality (including repairs and maintenance as well as operating grant expenditure).

1.5.1 Priority given to repairs and maintenance

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

For the 2016/17 budgets and MTREF's, municipalities must ensure they prioritise asset management and take into consideration the following:

- 1) 40 per cent of its 2016/17 Capital Budget should be allocated to the renewal of existing assets it.
- 2) Operational repairs and maintenance should not be less than 8 per cent of the asset value (write down value) of the municipality's Property Plant and Equipment (PPE)

Currently the municipality is not achieving these targets as indicated below:

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
EXPENDITURE OTHER ITEMS								
<u>Depreciation & asset impairment</u>	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
<u>Repairs and Maintenance by Asset Class</u>	15 696	17 030	19 651	20 559	34 488	46 868	52 669	24 963
Infrastructure - Road transport	3 387	3 406	4 591	3 561	17 410	23 551	32 861	3 950
Infrastructure - Electricity	1 079	934	1 108	1 011	1 011	1 224	1 284	1 346
Infrastructure - Water	827	924	792	957	957	1 179	1 132	1 186
Infrastructure - Sanitation	1 587	1 494	1 638	1 617	1 598	1 983	1 972	2 066
Infrastructure - Other	3 453	3 872	3 516	4 481	4 481	4 705	4 940	5 187
Infrastructure	10 334	10 631	11 644	11 626	25 456	32 642	42 188	13 736
Community	656	642	1 438	653	653	1 960	791	826
Other assets	4 706	5 757	6 569	8 279	8 379	12 267	9 690	10 402
TOTAL EXPENDITURE OTHER ITEMS	90 614	86 968	93 475	99 434	113 364	130 546	144 649	118 688
Renewal of Existing Assets as % of total capex	87.3%	65.6%	65.0%	42.2%	34.8%	51.3%	54.4%	72.5%
Renewal of Existing Assets as % of deprecn"	101.2%	80.2%	84.6%	49.7%	40.0%	45.8%	54.5%	114.8%
R&M as a % of PPE	0.9%	1.0%	1.1%	1.1%	1.9%	2.7%	3.0%	1.4%
Renewal and R&M as a % of PPE	5.0%	4.0%	5.0%	3.0%	4.0%	5.0%	6.0%	7.0%

It should however be noted that the municipality is currently not allocating items such as employee related costs utilised in repairs and maintenance projects to the repairs and maintenance line items. This is mainly due to a lack of a costing system to provide for such allocations. It is anticipated that the introduction of mSCOA will correct this deficiency.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Income foregone totals R60.474 million in 2015/16. This figure is expected to decrease in 2016/17 to R 55.653 million before it will increase to R60.810 million and R 66.567 million in the outer years of the MTREF. The decrease from 2015/16 to 2016/17 can mainly be attributed to decrease in the water package from 9kl per indigent household in 2015/16 to 8kl in 2016/17.

Subsidies for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R95 000
2	50 kWh free electricity per month
3	8 kiloliters of water free per month (2015/16 – 9 kl)
4	Free refuse x 4 removals per month
5	Free sewerage per month

Support is provided to the following indigent households:

Number of indigent households: 8 288

- ☐ Number with access to free basic water: 8 288
- ☐ Number with access to free basic electricity: 7 395
- ☐ Number provided by ESKOM: 1 935
- ☐ Number with access to free basic sanitation: 7 978
- ☐ Number with access to free basic refuse removal: 8 232

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by funding source:

Description	Final Budget		2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2015/16 R'000	Budget Year 2015/16 %	Budget Year 2016/17 R'000	Budget Year 2016/17 %	Budget Year +1 2017/18 R'000	Budget Year +1 2017/18 %	Budget Year +2 2018/19 R'000	Budget Year +2 2018/19 %
Total Capital Expenditure	90 701	100%	74 690	100%	92 115	100%	148 450	100%
Funded by:								
Transfers recognised - capital	58 958	65%	34 049	46%	36 072	39%	36 559	25%
Public contributions & donations	1 500	2%	666	1%	–	0%	–	0%
Borrowing	–	0%	–	0%	15 000	16%	68 227	46%
Internally generated funds	30 243	33%	39 975	54%	41 043	45%	43 664	29%
Total Capital Funding	90 701	100%	74 690	100%	92 115	100%	148 450	100%

Based on appropriations per vote, the allocations are as follows:

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote								
Multi-year expenditure to be appropriated								
Vote 1 - Corporate Services	–	–	–	2 000	2 000	3 000	–	–
Vote 2 - Civil Services	29 378	34 137	40 799	7 360	5 560	6 250	39 815	100 843
Vote 5 - Financial Services	–	471	–	600	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–	225	900	400
Capital multi-year expenditure sub-total	29 378	34 608	40 799	9 960	7 560	9 475	40 715	101 243
Single-year expenditure to be appropriated								
Vote 1 - Corporate Services	231	403	1 022	8 970	1 720	1 075	247	450
Vote 2 - Civil Services	32 434	18 969	20 223	39 744	31 643	50 523	27 598	23 032
Vote 3 - Council	1	1 075	728	805	805	805	806	806
Vote 4 - Electricity Services	17 411	12 580	18 040	7 542	11 701	8 441	9 230	19 352
Vote 5 - Financial Services	979	418	717	315	1 130	15	536	1 187
Vote 6 - Development Services	5 574	17 060	13 842	25 230	35 214	4 020	10 762	1 064
Vote 7 - Municipal Manager	20	1	20	5	5	50	6	6
Vote 8 - Protection Services	799	337	743	314	924	285	2 216	1 313
Capital single-year expenditure sub-total	57 450	50 845	55 335	82 925	83 141	65 215	51 400	47 208
Total Capital Expenditure - Vote	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

The following table provides more information on the breakdown of the capital budget.

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
CAPITAL EXPENDITURE								
<u>Total New Assets</u>	11 037	29 356	33 687	53 691	59 126	36 380	41 985	40 875
Infrastructure - Road transport	2 350	9 138	6 146	17 649	17 000	-	-	-
Infrastructure - Electricity	-	5 000	14 102	4 700	7 600	2 100	-	10 000
Infrastructure - Water	1 129	3 659	3 850	5 280	12 587	6 153	4 265	13 180
Infrastructure - Sanitation	1 338	2 359	2 603	3 550	9 689	250	10 250	4 870
Infrastructure	4 817	20 156	26 700	31 179	46 876	8 503	14 515	28 050
Community	383	-	198	11 823	4 376	21 387	23 337	8 909
Investment properties	1 195	-	-	-	-	-	-	-
Other assets	4 642	9 201	6 789	10 690	7 875	6 490	4 133	3 916
<u>Total Renewal of Existing Assets</u>	75 791	56 097	62 447	39 194	31 575	38 310	50 130	107 575
Infrastructure - Road transport	11 305	8 325	9 869	24 910	18 297	17 100	11 840	10 925
Infrastructure - Electricity	15 253	5 186	4 333	6 200	6 200	7 000	7 800	7 000
Infrastructure - Water	8 845	2 613	-	2 832	-	2 210	15 000	68 293
Infrastructure - Sanitation	30 561	34 137	40 799	3 660	5 560	5 500	10 065	15 300
Infrastructure - Other	200	-	-	-	-	-	-	-
Infrastructure	66 164	50 260	55 002	37 602	30 057	31 810	44 705	101 518
Community	1 618	989	787	-	-	-	-	-
Other assets	8 009	4 848	6 658	1 592	1 518	6 500	5 425	6 058
<u>Total Capital Expenditure</u>								
Infrastructure - Road transport	13 655	17 463	16 015	42 559	35 297	17 100	11 840	10 925
Infrastructure - Electricity	15 253	10 185	18 435	10 900	13 800	9 100	7 800	17 000
Infrastructure - Water	9 973	6 272	3 850	8 112	12 587	8 363	19 265	81 473
Infrastructure - Sanitation	31 900	36 496	43 402	7 210	15 249	5 750	20 315	20 170
Infrastructure - Other	200	-	-	-	-	-	-	-
Infrastructure	70 981	70 416	81 702	68 781	76 933	40 313	59 220	129 568
Community	2 001	989	986	11 823	4 376	21 387	23 337	8 909
Investment properties	1 195	-	-	-	-	-	-	-
Other assets	12 651	14 048	13 447	12 282	9 393	12 990	9 558	9 974
TOTAL CAPITAL EXPENDITURE - Asset class	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

MBRR Table A1 - Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands								
<u>Financial Performance</u>								
Property rates	67 274	70 548	73 332	78 939	78 939	85 129	92 899	100 561
Service charges	237 430	250 699	271 667	293 191	293 191	331 267	363 898	391 433
Investment revenue	9 917	12 934	16 371	8 300	17 800	17 300	17 300	17 300
Transfers recognised - operational	40 483	66 152	64 628	62 706	95 132	103 246	113 754	87 189
Other own revenue	31 635	55 772	68 273	53 601	53 659	56 785	59 572	62 378
Total Revenue (excluding capital transfers and contributions)	386 739	456 105	494 271	496 737	538 721	593 726	647 423	658 862
Employee costs	125 820	129 031	135 231	156 706	159 372	175 657	183 962	198 062
Remuneration of councillors	6 703	7 703	8 174	9 530	9 530	9 243	9 797	10 385
Depreciation & asset impairment	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
Finance charges	8 486	15 107	14 768	20 199	14 501	13 923	28 448	27 138
Materials and bulk purchases	137 413	145 166	162 972	187 316	189 384	212 388	224 831	246 671
Transfers and grants	1 293	1 975	1 999	2 137	2 137	2 137	2 137	2 206
Other expenditure	58 894	109 538	119 230	110 343	146 421	144 213	145 818	111 679
Total Expenditure	413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867
Surplus/(Deficit)	(26 788)	(22 354)	(21 926)	(68 371)	(61 499)	(47 513)	(39 550)	(31 005)
Transfers recognised - capital	24 471	41 256	39 565	51 984	58 958	34 049	36 072	36 559
Contributions recognised - capital & contributed as	150	2 000	1 512	1 500	1 500	666	-	-
Surplus/(Deficit) for the year	(2 167)	20 902	19 151	(14 887)	(1 041)	(12 798)	(3 478)	5 554
<u>Capital expenditure & funds sources</u>								
Capital expenditure	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450
Transfers recognised - capital	24 471	41 256	39 565	51 984	58 958	34 049	36 072	36 559
Public contributions & donations	715	2 939	1 500	1 500	1 500	666	-	-
Borrowing	16 002	-	-	8 500	-	-	15 000	68 227
Internally generated funds	45 640	41 259	55 069	30 901	30 243	39 975	41 043	43 664
Total sources of capital funds	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450
<u>Financial position</u>								
Total current assets	265 626	289 093	330 236	246 002	327 884	335 897	444 687	440 016
Total non current assets	1 782 105	1 791 739	1 794 137	1 832 356	1 803 797	1 792 536	1 790 285	1 842 507
Total current liabilities	64 875	74 698	97 376	99 740	105 488	114 647	145 172	192 909
Total non current liabilities	186 300	188 674	190 387	192 331	190 623	191 015	270 507	264 766
Community wealth/Equity	1 796 557	1 817 459	1 836 610	1 786 288	1 835 570	1 822 772	1 819 294	1 824 848

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash flows								
Net cash from (used) operating	82 922	102 937	121 386	82 316	76 008	82 199	114 466	134 222
Net cash from (used) investing	(85 218)	(84 744)	(96 760)	(91 162)	(90 480)	(74 469)	(91 893)	(148 229)
Net cash from (used) financing	(6 785)	(5 326)	(2 075)	3 343	(4 150)	(4 462)	75 805	(9 486)
Cash/cash equivalents at the year end	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076
Cash backing/surplus reconciliation								
Cash and investments available	210 129	222 995	245 545	182 619	226 923	230 191	328 569	305 076
Application of cash and investments	90 043	87 593	105 327	113 453	100 153	101 996	187 668	148 650
Balance - surplus (shortfall)	120 087	135 402	140 218	69 166	126 771	128 196	140 901	156 426
Asset management								
Asset register summary (WDV)	1 781 708	1 791 506	1 793 925	1 832 171	1 803 607	1 792 367	1 790 137	1 842 380
Depreciation & asset impairment	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
Renewal of Existing Assets	75 791	56 097	62 447	39 194	31 575	38 310	50 130	107 575
Repairs and Maintenance	15 696	17 030	19 651	20 559	34 488	46 868	52 669	24 963
Free services								
Cost of Free Basic Services provided	19	21	22	22	22	32	34	36
Revenue cost of free services provided	28 224	30 634	43 858	62 256	62 256	60 862	66 642	72 690
Households below minimum service level								
Water:	–	–	–	–	–	–	–	–
Sanitation/sewerage:	3	3	3	3	3	3	3	3
Energy:	1	1	1	1	1	1	1	1
Refuse:	114	114	114	114	114	114	114	114

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The accumulated surplus is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;

- ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
- iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	128 610	177 288	179 711	109 904	119 761	133 242	147 631	159 807
Executive and council	34 831	73 628	56 741	555	555	125	125	125
Budget and treasury office	92 485	97 827	115 277	107 784	117 533	129 014	143 315	155 323
Corporate services	1 294	5 833	7 693	1 565	1 673	4 102	4 190	4 359
<i>Community and public safety</i>	11 732	33 169	38 284	62 453	92 368	78 534	73 752	52 513
Community and social services	5 611	6 047	7 009	14 060	9 610	11 640	16 700	8 559
Sport and recreation	2 873	2 804	3 105	8 032	5 013	17 770	13 669	11 071
Public safety	3 007	24 093	27 864	26 129	26 129	28 896	31 155	32 655
Housing	241	226	307	14 233	51 617	20 228	12 228	228
Health	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	8 495	9 017	11 704	34 141	36 328	30 281	34 084	9 511
Planning and development	2 157	1 937	3 485	1 929	1 929	2 469	2 528	2 633
Road transport	6 338	7 079	8 219	32 212	34 399	27 813	31 556	6 879
Environmental protection	-	-	-	-	-	-	-	-
<i>Trading services</i>	262 505	279 867	305 627	343 700	350 700	386 361	428 004	473 365
Electricity	166 855	176 095	194 129	211 931	216 855	241 995	257 623	286 484
Water	35 164	36 478	44 271	52 114	54 190	59 467	70 469	87 306
Waste water management	34 804	40 003	41 215	49 269	49 269	51 681	64 971	62 555
Waste management	25 682	27 291	26 013	30 387	30 387	33 218	34 940	37 019
<i>Other</i>	18	20	21	22	22	23	25	225
Total Revenue - Standard	411 360	499 361	535 348	550 221	599 179	628 441	683 495	695 421

Standard Classification Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure - Standard								
Governance and administration	71 418	104 494	109 208	96 509	97 327	96 491	96 365	103 458
Executive and council	17 004	41 184	28 571	20 048	20 118	21 390	21 598	22 840
Budget and treasury office	27 871	35 220	52 870	44 977	46 014	39 689	41 877	46 166
Corporate services	26 543	28 090	27 766	31 485	31 195	35 412	32 890	34 452
Community and public safety	48 605	62 353	62 258	71 831	92 659	103 223	97 996	92 268
Community and social services	12 426	12 058	13 126	15 939	16 203	17 744	18 565	19 843
Sport and recreation	15 516	14 385	15 540	16 558	17 099	21 291	21 107	22 868
Public safety	19 302	34 414	31 776	37 968	35 075	40 023	42 144	45 273
Housing	1 361	1 497	1 815	1 365	24 282	24 165	16 181	4 283
Health	-	-	-	-	-	-	-	-
Economic and environmental services	57 398	58 802	62 658	68 524	83 791	89 028	100 615	74 297
Planning and development	8 441	8 665	10 679	11 889	12 843	12 640	12 779	13 579
Road transport	48 957	50 137	51 979	56 635	70 948	76 388	87 836	60 718
Environmental protection	-	-	-	-	-	-	-	-
Trading services	235 016	251 817	280 994	327 093	325 238	351 194	390 668	418 393
Electricity	146 557	154 305	168 816	198 062	198 482	216 746	234 479	254 154
Water	41 814	42 881	49 270	57 885	55 236	59 525	78 457	83 373
Waste water management	24 835	31 964	38 107	42 187	42 465	45 409	46 349	47 312
Waste management	21 810	22 667	24 801	28 959	29 054	29 514	31 383	33 554
Other	1 090	993	1 078	1 151	1 205	1 303	1 328	1 452
Total Expenditure - Standard	413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867
Surplus/(Deficit) for the year	(2 167)	20 902	19 151	(14 887)	(1 041)	(12 798)	(3 478)	5 554

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote								
Vote 1 - Corporate Services	5 609	6 084	6 648	9 929	9 987	10 510	8 042	8 814
Vote 2 - Civil Services	97 971	110 921	121 402	164 635	165 879	185 167	210 444	199 418
Vote 3 - Council	34 831	73 628	56 741	125	125	125	125	125
Vote 4 - Electricity Services	166 856	176 095	194 134	211 931	216 904	241 995	257 623	286 484
Vote 5 - Financial Services	92 485	97 827	115 277	107 784	117 533	129 014	143 315	155 323
Vote 6 - Development Services	4 645	4 423	6 490	23 168	56 102	26 302	26 196	5 835
Vote 7 - Municipal Manager	-	-	-	430	430	-	-	-
Vote 8 - Protection Services	8 963	30 382	34 656	32 218	32 218	35 328	37 749	39 422
Total Revenue by Vote	411 360	499 361	535 348	550 221	599 179	628 441	683 495	695 421
Expenditure by Vote to be appropriated								
Vote 1 - Corporate Services	17 349	18 080	19 895	23 138	23 498	23 869	25 046	27 087
Vote 2 - Civil Services	160 223	169 944	185 678	208 428	220 095	240 547	269 573	251 995
Vote 3 - Council	13 490	37 275	24 441	14 645	14 675	14 678	15 531	16 342
Vote 4 - Electricity Services	151 927	160 262	175 719	206 577	207 329	226 664	244 413	264 876
Vote 5 - Financial Services	27 871	35 220	52 870	44 977	46 014	39 689	41 877	46 166
Vote 6 - Development Services	13 088	12 897	15 457	17 111	41 192	41 452	34 099	23 236
Vote 7 - Municipal Manager	3 514	3 908	4 130	5 403	5 443	6 712	6 066	6 498
Vote 8 - Protection Services	26 064	40 872	38 006	44 830	41 973	47 628	50 366	53 668
Total Expenditure by Vote	413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867
Surplus/(Deficit) for the year	(2 167)	20 902	19 151	(14 887)	(1 041)	(12 798)	(3 478)	5 554

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Revenue By Source</u>								
Property rates	67 274	70 548	73 332	78 939	78 939	85 129	92 899	100 561
Service charges - electricity revenue	165 057	173 572	191 017	208 823	208 747	235 449	252 807	271 264
Service charges - water revenue	30 945	32 269	38 515	41 620	41 696	46 904	59 926	67 300
Service charges - sanitation revenue	22 978	25 368	24 090	25 137	25 137	28 509	29 972	30 885
Service charges - refuse revenue	18 450	19 490	18 046	17 610	17 610	20 405	21 193	21 984
Rental of facilities and equipment	2 885	3 235	3 430	3 349	3 349	3 586	3 759	3 940
Interest earned - external investments	9 917	12 934	16 371	8 300	17 800	17 300	17 300	17 300
Interest earned - outstanding debtors	1 441	1 586	1 693	1 376	1 376	1 483	1 495	1 509
Fines	2 948	23 725	27 316	25 735	25 735	28 236	30 236	32 237
Licences and permits	3 225	3 488	3 673	3 273	3 273	3 475	3 491	3 509
Agency services	2 496	2 725	3 105	2 799	2 799	2 939	3 086	3 240
Transfers recognised - operational	40 483	66 152	64 628	62 706	95 132	103 246	113 754	87 189
Other revenue	17 090	20 473	27 884	16 868	16 926	16 866	17 303	17 743
Gains on disposal of PPE	1 550	540	1 172	200	200	200	200	200
Total Revenue (excluding capital transfers and contributions)	386 739	456 105	494 271	496 737	538 721	593 726	647 423	658 862
<u>Expenditure By Type</u>								
Employee related costs	125 820	129 031	135 231	156 706	159 372	175 657	183 962	198 062
Remuneration of councillors	6 703	7 703	8 174	9 530	9 530	9 243	9 797	10 385
Debt impairment	1 260	18 913	16 005	34 381	31 013	17 983	19 062	20 206
Depreciation & asset impairment	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
Finance charges	8 486	15 107	14 768	20 199	14 501	13 923	28 448	27 138
Bulk purchases	137 413	145 166	162 972	187 316	189 384	212 388	224 831	246 671
Contracted services	3 096	3 352	3 554	3 660	3 660	4 239	4 467	4 762
Transfers and grants	1 293	1 975	1 999	2 137	2 137	2 137	2 137	2 206
Other expenditure	52 496	78 148	71 197	70 158	109 603	119 740	119 925	84 229
Loss on disposal of PPE	2 042	9 124	28 474	2 144	2 144	2 251	2 364	2 482
Total Expenditure	413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867
Surplus/(Deficit)	(26 788)	(22 354)	(21 926)	(68 371)	(61 499)	(47 513)	(39 550)	(31 005)
Transfers recognised - capital	24 471	41 256	39 565	51 984	58 958	34 049	36 072	36 559
Contributions recognised - capital	150	2 000	1 512	1 500	1 500	666	-	-
Surplus/(Deficit) for the year	(2 167)	20 902	19 151	(14 887)	(1 041)	(12 798)	(3 478)	5 554

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Capital expenditure - Vote</u>								
<u>Multi-year expenditure to be appropriated</u>								
Vote 1 - Corporate Services	–	–	–	2 000	2 000	3 000	–	–
Vote 2 - Civil Services	29 378	34 137	40 799	7 360	5 560	6 250	39 815	100 843
Vote 3 - Council	–	–	–	–	–	–	–	–
Vote 4 - Electricity Services	–	–	–	–	–	–	–	–
Vote 5 - Financial Services	–	471	–	600	–	–	–	–
Vote 6 - Development Services	–	–	–	–	–	–	–	–
Vote 7 - Municipal Manager	–	–	–	–	–	–	–	–
Vote 8 - Protection Services	–	–	–	–	–	225	900	400
Capital multi-year expenditure sub-total	29 378	34 608	40 799	9 960	7 560	9 475	40 715	101 243
<u>Single-year expenditure to be appropriated</u>								
Vote 1 - Corporate Services	231	403	1 022	8 970	1 720	1 075	247	450
Vote 2 - Civil Services	32 434	18 969	20 223	39 744	31 643	50 523	27 598	23 032
Vote 3 - Council	1	1 075	728	805	805	805	806	806
Vote 4 - Electricity Services	17 411	12 580	18 040	7 542	11 701	8 441	9 230	19 352
Vote 5 - Financial Services	979	418	717	315	1 130	15	536	1 187
Vote 6 - Development Services	5 574	17 060	13 842	25 230	35 214	4 020	10 762	1 064
Vote 7 - Municipal Manager	20	1	20	5	5	50	6	6
Vote 8 - Protection Services	799	337	743	314	924	285	2 216	1 313
Capital single-year expenditure sub-total	57 450	50 845	55 335	82 925	83 141	65 215	51 400	47 208
Total Capital Expenditure - Vote	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard								
Governance and administration	2 878	2 502	2 625	12 665	5 630	4 935	3 283	2 438
Executive and council	1 756	1 077	748	810	810	855	811	812
Budget and treasury office	1 122	888	717	915	1 130	15	536	1 187
Corporate services	–	537	1 161	10 940	3 690	4 065	1 936	440
Community and public safety	10 870	18 557	16 277	30 441	38 138	22 416	25 298	11 237
Community and social services	1 101	170	136	4 710	658	1 530	11 074	1 097
Sport and recreation	2 230	1 113	1 667	4 867	1 480	17 356	11 108	8 428
Public safety	888	337	743	314	924	510	3 116	1 713
Housing	6 652	16 938	13 731	20 550	35 075	3 020	–	–
Economic and environmental services	16 174	9 057	11 489	32 444	21 377	18 905	14 128	11 023
Planning and development	–	106	101	60	60	40	42	44
Road transport	16 174	8 951	11 387	32 384	21 317	18 865	14 086	10 979
Trading services	56 905	55 336	65 744	17 335	25 556	28 434	49 406	123 752
Electricity	16 631	12 580	18 040	7 542	11 701	8 441	9 230	19 352
Water	5 914	2 984	3 365	6 048	8 210	9 615	19 304	81 514
Waste water management	–	34 869	42 316	3 730	5 630	8 834	20 356	20 388
Waste management	34 360	4 903	2 024	15	15	1 543	516	2 498
Total Capital Expenditure - Standard	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450
Funded by:								
National Government	17 545	25 222	29 918	20 709	27 709	24 640	21 722	32 759
Provincial Government	6 926	16 034	9 647	31 275	31 249	9 409	14 350	3 800
Transfers recognised - capital	24 471	41 256	39 565	51 984	58 958	34 049	36 072	36 559
Public contributions & donations	715	2 939	1 500	1 500	1 500	666	–	–
Borrowing	16 002	–	–	8 500	–	–	15 000	68 227
Internally generated funds	45 640	41 259	55 069	30 901	30 243	39 975	41 043	43 664
Total Capital Funding	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose

of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

MBRR Table A6 - Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
ASSETS								
Current assets								
Cash	210 129	222 995	245 545	182 619	226 923	230 191	328 569	305 076
Consumer debtors	45 845	48 076	52 580	48 160	53 142	60 417	68 564	77 419
Other debtors	2 593	8 883	23 458	8 895	40 394	37 864	40 129	50 096
Current portion of long-term receivables	24	21	21	24	21	21	21	21
Inventory	7 035	9 118	8 632	6 304	7 404	7 404	7 404	7 404
Total current assets	265 626	289 093	330 236	246 002	327 884	335 897	444 687	440 016
Non current assets								
Long-term receivables	397	232	211	185	190	169	148	127
Investment property	31 363	28 542	26 639	27 956	26 405	26 381	26 356	26 331
Property, plant and equipment	1 749 120	1 761 037	1 763 470	1 802 607	1 773 544	1 763 075	1 761 527	1 814 400
Intangible	458	1 160	3 047	841	2 888	2 142	1 485	879
Other non-current assets	767	767	770	767	770	770	770	770
Total non current assets	1 782 105	1 791 739	1 794 137	1 832 356	1 803 797	1 792 536	1 790 285	1 842 507
TOTAL ASSETS	2 047 732	2 080 832	2 124 373	2 078 358	2 131 681	2 128 434	2 234 972	2 282 523
LIABILITIES								
Current liabilities								
Borrowing	5 244	3 766	4 934	5 399	5 051	5 263	7 664	7 695
Consumer deposits	6 896	7 963	8 715	9 032	9 499	10 069	10 673	11 313
Trade and other payables	47 003	56 797	78 339	78 308	84 722	92 650	119 819	166 500
Provisions	5 731	6 172	5 388	7 001	6 217	6 666	7 016	7 401
Total current liabilities	64 875	74 698	97 376	99 740	105 488	114 647	145 172	192 909
Non current liabilities								
Borrowing	141 479	137 631	134 387	134 984	129 336	124 093	196 892	186 735
Provisions	44 821	51 043	55 999	57 347	61 287	66 922	73 614	78 031
Total non current liabilities	186 300	188 674	190 387	192 331	190 623	191 015	270 507	264 766
TOTAL LIABILITIES	251 175	263 372	287 762	292 071	296 112	305 662	415 678	457 675
NET ASSETS	1 796 557	1 817 459	1 836 610	1 786 288	1 835 570	1 822 772	1 819 294	1 824 848
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	1 705 433	1 730 203	1 736 378	1 699 032	1 735 337	1 722 539	1 719 062	1 724 615
Reserves	91 125	87 256	100 232	87 256	100 232	100 232	100 232	100 232
TOTAL COMMUNITY WEALTH/EQUITY	1 796 557	1 817 459	1 836 610	1 786 288	1 835 570	1 822 772	1 819 294	1 824 848

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	67 274	70 551	73 280	74 992	74 992	82 703	90 252	97 696
Service charges	237 430	250 967	260 549	278 531	278 531	321 826	353 527	380 278
Other revenue	27 835	51 810	63 291	35 757	32 596	33 233	34 461	35 706
Government - operating	38 924	64 638	64 809	62 706	86 116	110 396	146 779	136 439
Government - capital	24 567	37 053	35 292	66 939	59 129	39 124	34 072	36 259
Interest	9 917	12 934	16 371	9 607	19 107	18 741	18 753	18 766
Payments								
Suppliers and employees	(313 247)	(367 934)	(375 440)	(423 881)	(457 826)	(507 763)	(532 793)	(541 576)
Finance charges	(8 486)	(15 107)	(14 768)	(20 199)	(14 501)	(13 923)	(28 448)	(27 138)
Transfers and Grants	(1 293)	(1 975)	(1 999)	(2 137)	(2 137)	(2 137)	(2 137)	(2 206)
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 922	102 937	121 386	82 316	76 008	82 199	114 466	134 222
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	1 550	540	1 341	1 700	200	200	200	200
Decrease (Increase) in non-current debtors	-	-	-	24	21	21	21	21
Decrease (increase) other non-current receivables	60	168	21	-	-	-	-	-
Payments								
Capital assets	(86 828)	(85 453)	(98 122)	(92 885)	(90 701)	(74 690)	(92 115)	(148 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 218)	(84 744)	(96 760)	(91 162)	(90 480)	(74 469)	(91 893)	(148 229)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	82	-	2 349	8 500	-	-	83 227	-
Increase (decrease) in consumer deposits	-	-	-	591	784	570	604	640
Payments								
Repayment of borrowing	(6 868)	(5 326)	(4 424)	(5 748)	(4 934)	(5 032)	(8 026)	(10 126)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 785)	(5 326)	(2 075)	3 343	(4 150)	(4 462)	75 805	(9 486)
NET INCREASE/ (DECREASE) IN CASH HELD	(9 082)	12 866	22 550	(5 503)	(18 622)	3 268	98 378	(23 493)
Cash/cash equivalents at the year begin:	219 211	210 129	222 995	188 123	245 545	226 923	230 191	328 569
Cash/cash equivalents at the year end:	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash levels above are inclusive of unspent grants.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash and investments available								
Cash/cash equivalents at the year end	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076
Cash and investments available:	210 129	222 995	245 545	182 619	226 923	230 191	328 569	305 076
Application of cash and investments								
Unspent conditional transfers	2 430	102	247	19 554	1 232	2 407	26 429	75 379
Unspent borrowing	–	–	–	–	–	–	68 227	–
Other working capital requirements	(3 933)	(18)	4 615	6 390	(1 544)	(876)	(7 453)	(27 194)
Reserves to be backed by cash/investments	91 546	87 509	100 465	87 509	100 465	100 465	100 465	100 465
Total Application of cash and investments:	90 043	87 593	105 327	113 453	100 153	101 996	187 668	148 650
Surplus(shortfall)	120 087	135 402	140 218	69 166	126 771	128 196	140 901	156 426

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2016/17 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE								
<u>Total New Assets</u>	11 037	29 356	33 687	53 691	59 126	36 380	41 985	40 875
Infrastructure - Road transport	2 350	9 138	6 146	17 649	17 000	-	-	-
Infrastructure - Electricity	-	5 000	14 102	4 700	7 600	2 100	-	10 000
Infrastructure - Water	1 129	3 659	3 850	5 280	12 587	6 153	4 265	13 180
Infrastructure - Sanitation	1 338	2 359	2 603	3 550	9 689	250	10 250	4 870
Infrastructure	4 817	20 156	26 700	31 179	46 876	8 503	14 515	28 050
Community	383	-	198	11 823	4 376	21 387	23 337	8 909
Investment properties	1 195	-	-	-	-	-	-	-
Other assets	4 642	9 201	6 789	10 690	7 875	6 490	4 133	3 916
<u>Total Renewal of Existing Assets</u>	75 791	56 097	62 447	39 194	31 575	38 310	50 130	107 575
Infrastructure - Road transport	11 305	8 325	9 869	24 910	18 297	17 100	11 840	10 925
Infrastructure - Electricity	15 253	5 186	4 333	6 200	6 200	7 000	7 800	7 000
Infrastructure - Water	8 845	2 613	-	2 832	-	2 210	15 000	68 293
Infrastructure - Sanitation	30 561	34 137	40 799	3 660	5 560	5 500	10 065	15 300
Infrastructure - Other	200	-	-	-	-	-	-	-
Infrastructure	66 164	50 260	55 002	37 602	30 057	31 810	44 705	101 518
Community	1 618	989	787	-	-	-	-	-
Other assets	8 009	4 848	6 658	1 592	1 518	6 500	5 425	6 058
<u>Total Capital Expenditure</u>								
Infrastructure - Road transport	13 655	17 463	16 015	42 559	35 297	17 100	11 840	10 925
Infrastructure - Electricity	15 253	10 185	18 435	10 900	13 800	9 100	7 800	17 000
Infrastructure - Water	9 973	6 272	3 850	8 112	12 587	8 363	19 265	81 473
Infrastructure - Sanitation	31 900	36 496	43 402	7 210	15 249	5 750	20 315	20 170
Infrastructure - Other	200	-	-	-	-	-	-	-
Infrastructure	70 981	70 416	81 702	68 781	76 933	40 313	59 220	129 568
Community	2 001	989	986	11 823	4 376	21 387	23 337	8 909
Investment properties	1 195	-	-	-	-	-	-	-
Other assets	12 651	14 048	13 447	12 282	9 393	12 990	9 558	9 974
TOTAL CAPITAL EXPENDITURE - Asset class	86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ASSET REGISTER SUMMARY - PPE (WDV)								
Infrastructure - Road transport	576 180	570 034	549 076	583 482	555 945	543 415	525 402	506 549
Infrastructure - Electricity	307 748	306 729	313 989	306 316	315 476	312 129	307 040	311 374
Infrastructure - Water	284 853	282 442	277 410	275 991	279 432	277 817	279 684	342 702
Infrastructure - Sanitation	355 610	375 477	405 880	403 607	407 986	400 327	406 935	413 467
Infrastructure - Other	2 698	5 446	5 106	4 637	4 606	4 227	3 849	3 376
Infrastructure	1 527 089	1 540 128	1 551 461	1 574 033	1 563 444	1 537 915	1 522 909	1 577 468
Community	14 141	15 108	14 855	18 933	14 716	33 678	54 311	59 993
Heritage assets	767	767	770	767	770	770	770	770
Investment properties	31 363	28 542	26 639	27 956	26 405	26 381	26 356	26 331
Other assets	207 890	205 801	197 154	209 641	195 384	191 481	184 307	176 939
Intangibles	458	1 160	3 047	841	2 888	2 142	1 485	879
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 781 708	1 791 506	1 793 925	1 832 171	1 803 607	1 792 367	1 790 137	1 842 380
EXPENDITURE OTHER ITEMS								
<u>Depreciation & asset impairment</u>	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725
<u>Repairs and Maintenance by Asset Class</u>	15 696	17 030	19 651	20 559	34 488	46 868	52 669	24 963
Infrastructure - Road transport	3 387	3 406	4 591	3 561	17 410	23 551	32 861	3 950
Infrastructure - Electricity	1 079	934	1 108	1 011	1 011	1 224	1 284	1 346
Infrastructure - Water	827	924	792	957	957	1 179	1 132	1 186
Infrastructure - Sanitation	1 587	1 494	1 638	1 617	1 598	1 983	1 972	2 066
Infrastructure - Other	3 453	3 872	3 516	4 481	4 481	4 705	4 940	5 187
Infrastructure	10 334	10 631	11 644	11 626	25 456	32 642	42 188	13 736
Community	656	642	1 438	653	653	1 960	791	826
Other assets	4 706	5 757	6 569	8 279	8 379	12 267	9 690	10 402
TOTAL EXPENDITURE OTHER ITEMS	90 614	86 968	93 475	99 434	113 364	130 546	144 649	118 688
Renewal of Existing Assets as % of total capex	87.3%	65.6%	65.0%	42.2%	34.8%	51.3%	54.4%	72.5%
Renewal of Existing Assets as % of deprecn"	101.2%	80.2%	84.6%	49.7%	40.0%	45.8%	54.5%	114.8%
R&M as a % of PPE	0.9%	1.0%	1.1%	1.1%	1.9%	2.7%	3.0%	1.4%
Renewal and R&M as a % of PPE	5.0%	4.0%	5.0%	3.0%	4.0%	5.0%	6.0%	7.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.

MBRR Table A10 - Basic Service Delivery Measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets								
<u>Water:</u>								
Piped water inside dwelling	89 711	89 711	89 711	89 711	89 711	89 711	89 711	89 711
Piped water inside yard (but not in dwelling)	16 520	16 520	16 520	16 520	16 520	16 520	16 520	16 520
Using public tap (at least min.service level)	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	106 231	106 231	106 231	106 231	106 231	106 231	106 231	106 231
Using public tap (< min.service level)	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-
No water supply	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-
Total number of households	106 231	106 231	106 231	106 231	106 231	106 231	106 231	106 231
<u>Sanitation/sewerage:</u>								
Flush toilet (connected to sewerage)	88 473	88 473	88 473	88 473	88 473	88 473	88 473	88 473
Flush toilet (with septic tank)	13 842	13 842	13 842	13 842	13 842	13 842	13 842	13 842
Chemical toilet	164	164	164	164	164	164	164	164
Pit toilet (ventilated)	1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443
Other toilet provisions (> min.service level)	6 013	6 013	6 013	6 013	6 013	6 013	6 013	6 013
<i>Minimum Service Level and Above sub-total</i>	109 935	109 935	109 935	109 935	109 935	109 935	109 935	109 935
Bucket toilet	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-
No toilet provisions	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980
<i>Below Minimum Service Level sub-total</i>	2 980	2 980	2 980	2 980	2 980	2 980	2 980	2 980
Total number of households	112 915	112 915	112 915	112 915	112 915	112 915	112 915	112 915
<u>Energy:</u>								
Electricity (at least min.service level)	110 975	110 975	110 975	110 975	110 975	110 975	110 975	110 975
Electricity - prepaid (min.service level)	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	110 975	110 975	110 975	110 975	110 975	110 975	110 975	110 975
Electricity (< min.service level)	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-
Other energy sources	1 166	1 166	1 166	1 166	1 166	1 166	1 166	1 166
<i>Below Minimum Service Level sub-total</i>	1 166	1 166	1 166	1 166	1 166	1 166	1 166	1 166
Total number of households	112 141	112 141	112 141	112 141	112 141	112 141	112 141	112 141
<u>Refuse:</u>								
Removed at least once a week	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-
Removed less frequently than once a week	81 687	81 687	81 687	81 687	81 687	81 687	81 687	81 687
Using communal refuse dump	9 062	9 062	9 062	9 062	9 062	9 062	9 062	9 062
Using own refuse dump	18 935	18 935	18 935	18 935	18 935	18 935	18 935	18 935
Other rubbish disposal	2 934	2 934	2 934	2 934	2 934	2 934	2 934	2 934
No rubbish disposal	1 133	1 133	1 133	1 133	1 133	1 133	1 133	1 133
<i>Below Minimum Service Level sub-total</i>	113 751	113 751	113 751	113 751	113 751	113 751	113 751	113 751
Total number of households	113 751	113 751	113 751	113 751	113 751	113 751	113 751	113 751

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Households receiving Free Basic Service</u>								
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>								
Water (6 kilolitres per indigent household per month)	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	19	21	22	22	22	32	34	36
Total cost of FBS provided	19	21	22	22	22	32	34	36
<u>Highest level of free service provided per household</u>								
Property rates (R value threshold)	100 000	100 000	100 000	100 000	100 000	80 000	80 000	80 000
Water (kilolitres per household per month)	10	10	10	9	9	8	7	6
Sanitation (kilolitres per household per month)	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)	127	127	162	176	176	194	206	218
Electricity (kwh per household per month)	50	50	50	50	50	50	50	50
Refuse (average litres per week)	-	-	-	-	-	-	-	-
<u>Revenue cost of subsidised services provided (R'000)</u>								
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	1 605	1 700	1 782	1 782	1 782	5 208	5 832	6 124
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	2 295	2 027	3 361	6 291	6 291	5 578	5 881	6 214
Water (in excess of 6 kilolitres per indigent household per month)	2 877	2 674	3 572	9 190	9 114	6 785	7 431	8 140
Sanitation (in excess of free sanitation service to indigent households)	7 511	9 048	15 561	19 892	19 892	19 244	21 125	23 285
Electricity/other energy (in excess of 50 kwh per indigent household per month)	8 905	9 573	10 581	13 728	13 804	13 038	14 268	15 616
Refuse (in excess of one removal a week for indigent households)	5 029	5 612	9 001	11 373	11 373	11 009	12 105	13 312
Municipal Housing - rental rebates	-	-	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	28 224	30 634	43 858	62 256	62 256	60 862	66 642	72 690

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2011/12-2016/17) and the budget for the 2016/17 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2014. Key dates applicable to the process were:

- **October 2015** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **30 October 2015** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- **January 2016** – Adjustment budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2016** - Council considers and approve the 2015/16 Mid-year Review and Adjustments Budget;
- **February 2016** - Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **31 March 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 MTREF for public consultation;
- **April 2016** – Public consultation;
- **29 April 2016** - Closing date for written comments;
- **3 to 18 May 2016** – Finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **26 May 2016** - Tabling of the 2016/17 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council. A second adjustment budget for the 2015/16 financial year was tabled to council during May 2016.

2.1.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

2.1.2 Community Consultation

A full consultation process was carried out during March/April 2016. During this process, members of the community will be afforded the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where viable the proposed changes was incorporated into the final budget to be approved by Council at least 30 days before the start of the financial year.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2016/17 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	–	15	49	–	–	46	–	–
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	71 597	78 259	88 052	133 557	134 802	148 207	171 876	158 739
	To provide an adequate and affordable cleaning services to the municipal area	C	25 682	27 291	26 013	30 387	30 387	33 218	34 940	37 019
	To ensure that council's building infrastructure is sufficient and properly maintained	D	693	5 356	7 287	690	690	3 696	3 628	3 659
	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	–	–	–	–	–	–	–	–
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	166 855	176 095	194 129	211 931	216 855	241 995	257 623	286 484
	To ensure proper and up-to-date information communication technology systems and processes	U	1	–	5	–	50	–	–	–
Increased community safety through traffic policing, by-law enforcement	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	0	0	0	0	0	9	0	0
	Provision of an effective and pro-active fire-fighting and disaster management service	H	8 963	30 382	34 656	32 218	32 218	35 318	37 749	39 422
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	2 024	2 275	2 474	2 421	2 421	2 574	2 703	2 838
	To promote social development in the municipal area	J	223	–	273	4 586	136	1 077	8 737	137
	To ensure sound management of the urban and rural environment	K	2 157	1 922	3 436	1 929	1 929	2 423	2 528	2 633
	To provide effective and sustainable housing delivery and management	M	241	226	307	14 233	51 617	20 228	12 228	228
Satisfied, involved and well informed stakeholders	To lead and manage the Corporate Services Department effectively and efficiently	N	127	184	175	242	242	93	112	112
	To ensure an effective and client orientated municipal administration	O	5 009	5 607	6 247	9 054	9 054	10 104	7 481	8 115
An effective, efficient, motivated and appropriately skilled work force	To lead and manage Human Resources effectively and efficiently	X	474	293	225	633	691	313	449	587
	To ensure Occupational Health and Safety	Y	–	–	–	–	–	–	–	–
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	92 485	97 827	115 277	107 784	117 533	129 014	143 315	155 323
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	–	–	–	430	430	–	–	–
	To ensure financial viability and sustainability	R	34 831	73 628	56 741	125	125	125	125	125
	To ensure effective strategic management	T	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)			411 360	499 361	535 348	550 221	599 179	628 441	683 495	695 421

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	2 666	2 860	2 995	3 576	3 613	3 668	3 734	3 980
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	123 652	132 059	147 741	165 417	177 839	193 816	224 309	204 505
	To provide an adequate and affordable cleaning services to the municipal area	C	21 810	22 667	24 801	28 959	29 054	29 514	31 383	33 554
	To ensure that council's building infrastructure is sufficient and properly maintained	D	12 095	12 358	10 141	10 476	9 589	13 549	10 147	9 956
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	146 557	154 305	168 816	198 062	198 482	216 746	234 479	254 154
Increased community safety through traffic policing, by-law enforcement	To ensure proper and up-to-date information communication technology systems and processes	U	5 370	5 958	6 903	8 515	8 847	9 918	9 934	10 722
	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	2 552	2 743	2 864	2 512	2 546	3 556	3 600	4 002
	Provision of an effective and pro-active fire-fighting and disaster management service	H	23 512	38 129	35 142	42 317	39 427	44 072	46 767	49 666
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	3 204	2 624	2 734	3 193	3 218	3 327	3 486	3 765
	To promote social development in the municipal area	J	1 748	2 050	2 268	2 916	3 106	3 700	4 038	4 139
	To ensure sound management of the urban and rural environment	K	5 775	5 805	7 684	8 313	9 230	8 972	9 044	9 599
	To provide effective and sustainable housing delivery and management	M	1 361	1 497	1 815	1 365	24 282	24 165	16 181	4 283
Satisfied, involved and well informed stakeholders	To lead and manage the Corporate Services Department effectively and efficiently	N	6 540	6 605	7 066	8 537	8 685	7 978	8 536	9 079
	To ensure an effective and client orientated municipal administration	O	8 271	8 305	9 173	10 643	10 739	11 924	12 237	13 312
An effective, efficient, motivated and appropriately skilled work force	To lead and manage Human Resources effectively and efficiently	X	2 538	3 169	3 657	3 957	4 074	3 967	4 273	4 696
	To ensure Occupational Health and Safety	Y	1 000	921	955	1 325	1 356	1 288	1 349	1 449
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	27 871	35 220	52 870	44 977	46 014	39 689	41 877	46 166
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	3 514	3 908	4 130	5 403	5 443	6 712	6 066	6 498
	To ensure financial viability and sustainability	R	13 490	37 275	24 442	14 645	14 675	14 678	15 531	16 342
Total Expenditure			413 527	478 459	516 197	565 108	600 220	641 239	686 973	689 867

MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Access to affordable and reliable municipal infrastructure	To lead and manage the Civil Engineering Services Department effectively and efficiently	A	166	1 181	814	860	860	840	842	844
	To provide adequate, affordable and well maintained civil engineering services to the municipal area	B	56 684	47 952	58 734	47 029	36 828	49 120	60 386	118 109
	To provide an adequate and affordable cleaning services to the municipal area	C	2 045	4 903	2 024	15	15	1 543	516	2 498
	To ensure that council's building infrastructure is sufficient and properly maintained	D	459	180	163	–	–	20	1 720	23
	To lead and manage the Electrical Engineering Services Department effectively and efficiently	E	451	343	322	250	250	300	340	340
	To provide adequate, affordable, safe and well maintained electricity to the municipal area	F	16 180	10 933	15 523	6 260	11 192	7 020	8 250	18 480
Increased community safety through traffic policing, by-law enforcement	To promote and maintain a safe environment - Provision of a traffic and law enforcement service	G	884	47	704	290	900	265	494	337
	Provision of an effective and pro-active fire-fighting and disaster management service	H	76	290	39	24	24	20	1 722	976
Sustainable development of the municipal area	To lead and manage the Development Services Department effectively and efficiently	I	156	123	112	30	30	50	62	64
	To promote social development in the municipal area	J	553	–	–	4 650	308	6 325	16 350	4 800
	To ensure sound management of the urban and rural environment	K	14	–	–	–	100	900	–	–
	To provide effective and sustainable housing delivery and management	M	6 652	16 903	13 731	20 550	35 075	3 020	–	–
Satisfied, involved and well informed stakeholders	To lead and manage the Corporate Services Department effectively and efficiently	N	81	23	18	15	15	15	16	17
	To ensure an effective and client orientated municipal administration	O	1 428	380	1 004	10 955	3 705	4 060	232	233
A financial sustainable municipality with well maintained assets	To lead and manage the Financial Services Department effectively and efficiently	Q	29	418	30	315	530	15	436	187
	To ensure financial viability and sustainability	R	116	471	702	605	605	5	106	1 006
An agile, integrated, stable and corruption free organisation	To ensure an economical, effective, efficient and accountable organisation	S	22	1	20	5	5	50	6	6
	To ensure proper and up-to-date information communication technology systems and processes	U	834	1 305	2 194	1 032	259	1 121	640	532
Total Capital Expenditure			86 828	85 453	96 134	92 885	90 701	74 690	92 115	148 450

Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
ACCESS TO AFFORDABLE AND RELIABLE MUNICIPAL INFRASTRUCTURE									
To lead and manage the Civil Engineering Services Department effectively and efficiently	Completion of projects	166	1 181	814	860	860	840	842	844
To provide adequate, affordable and well maintained civil engineering services to the municipal area	Completion of projects	56 684	47 952	58 734	47 029	37 939	49 120	60 386	118 109
To provide an adequate and affordable cleaning services to the municipal area	Completion of projects	2 045	4 903	2 024	15	15	1 543	516	2 498
To ensure that council's building infrastructure is sufficient and properly maintained	Completion of projects	459	180	163	–	–	20	1 720	23
To lead and manage the Electrical Engineering Services Department effectively and efficiently	Completion of projects	451	343	322	250	250	300	340	340
To provide adequate, affordable, safe and well maintained electricity to the municipal area	Completion of projects	16 180	10 933	15 523	6 260	11 192	7 020	8 250	18 480
INCREASED COMMUNITY SAFETY THROUGH TRAFFIC POLICING, BY-LAW ENFORCEMENT									
To promote and maintain a safe environment - Provision of a traffic and law enforcement service	Completion of projects	884	47	704	290	900	265	494	337
Provision of an effective and pro-active fire-fighting and disaster management service	Completion of projects	76	290	39	24	24	20	1 722	976
SUSTAINABLE DEVELOPMENT OF THE MUNICIPAL AREA									
To lead and manage the Development Services Department effectively and efficiently	Completion of projects	156	123	112	30	30	50	62	64
To promote social development in the municipal area	Completion of projects	553	–	–	4 650	108	6 325	16 350	4 800
To ensure sound management of the urban and rural environment	Completion of projects	14	–	–	–	–	900	–	–
To provide effective and sustainable housing delivery and management	Completion of projects	6 652	16 903	13 731	20 550	34 264	3 020	–	–
SATISFIED, INVOLVED AND WELL INFORMED STAKEHOLDERS									
To lead and manage the Corporate Services Department effectively and efficiently	Completion of projects	81	23	18	15	15	15	16	17
To ensure an effective and client orientated municipal administration	Completion of projects	1 428	380	1 004	10 955	3 705	4 060	232	233
A FINANCIAL SUSTAINABLE MUNICIPALITY WITH WELL MAINTAINED ASSETS									
To lead and manage the Financial Services Department effectively and efficiently	Completion of projects	29	418	30	315	530	15	436	187
To ensure financial viability and sustainability	Completion of projects	116	471	702	605	605	5	106	1 006
AN AGILE, INTEGRATED, STABLE AND CORRUPTION FREE ORGANISATION									
To ensure an economical, effective, efficient and accountable organisation	Completion of projects	22	1	20	5	5	50	6	6
To ensure proper and up-to-date information communication technology systems and processes	Completion of projects	834	1 305	2 194	1 032	259	1 121	640	532

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF. (Derived from the National Treasury formats)

MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>									
Credit Rating		A3	A3	A3	A3	A3			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.7%	4.3%	3.7%	4.6%	3.2%	3.0%	5.3%	5.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.4%	5.2%	4.5%	6.0%	4.4%	3.9%	6.8%	6.5%
Borrowed funding of 'ow n' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.1%	0.0%	4.3%	21.6%	0.0%	0.0%	148.5%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves	155.3%	157.7%	134.1%	154.7%	129.0%	123.8%	196.4%	186.3%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	4.1	3.9	3.4	2.5	3.1	2.9	3.1	2.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.1	3.9	3.4	2.5	3.1	2.9	3.1	2.3
Liquidity Ratio	Monetary Assets/Current Liabilities	3.2	3.0	2.5	1.8	2.2	2.0	2.3	1.6
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.1%	96.8%	95.0%	95.0%	97.2%	97.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.1%	96.8%	95.0%	95.0%	97.2%	97.2%	97.2%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.6%	12.5%	15.4%	11.5%	17.4%	16.6%	16.8%	19.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		21.2%	25.4%	31.8%	32.2%	36.8%	39.2%	28.4%	29.9%
<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)	10 753 638	10 395 811	10 589 733	10 649 590	10 649 590	10 649 590	10 649 590	10 649 590
	Total Cost of Losses (Rand '000)	R 6 882 328	R 7 105 537	R 7 772 864	R 8 769 937	R 8 769 937	R 9 629 359	R 10 572 913	R 11 609 118
	% Volume (units purchased and generated less units sold)/units purchased and generated	5.85%	5.71%	5.71%	5.81%	5.81%	5.81%	5.81%	5.81%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	949 451	660 621	926 814	787 303	787 303	787 303	787 303	787 303
	Total Cost of Losses (Rand '000)	R 7 776 004	R 5 734 190	R 8 610 102	7 314 044	7 314 044	8 838 179	9 898 761	11 086 612
	% Volume (units purchased and generated less units sold)/units purchased and generated	17.24%	12.13%	15.67%	15.36%	15.36%	15.36%	15.36%	15.36%
Employee costs	Employee costs/(Total Revenue - capital revenue)	32.5%	28.3%	27.4%	31.5%	29.6%	29.6%	28.4%	30.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	34.3%	30.0%	29.0%	33.5%	31.4%	31.1%	29.9%	31.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.1%	3.7%	4.0%	4.1%	6.4%	7.9%	8.1%	3.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.6%	18.6%	17.9%	19.9%	17.3%	16.4%	18.6%	18.3%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.0	18.8	28.0	18.1	18.1	18.3	18.5	19.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	15.8%	17.6%	21.8%	15.2%	24.9%	23.4%	23.6%	25.7%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	8.5	7.7	8.0	5.0	6.1	5.8	7.7	6.9

Performance indicators and benchmarks

2.2.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

2.2.1.2 Safety of Capital

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.2.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.2.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

2.2.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.2.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape if we exclude items such as bulk purchases and depreciation from the calculations.
- Repairs and maintenance should be approximately 8 per cent over the MTREF to be aligned to benchmarks developed by National Treasury.

2.3 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.3.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy is reviewed annually and any revisions will be approved in May 2016. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 97.15 per cent on current billings.

2.3.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and

hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Funding and Reserve, Debt and Borrowing Policy was approved in May 2015 and no changes are required in current year.

2.3.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and any revisions will be approved in May 2016.

2.3.4 Budget and Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Virement Policy was approved by Council in June 2011. The policy is reviewed annually and any revisions will be approved in May 2016.

The draft Budget Implementation Policy was tabled in March 2016 and will be approved in May 2016.

2.3.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy is reviewed annually and any revisions will be approved in May 2016. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 3 and 4 months at all times, which is well above the norm in local government.

2.3.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.3.7 Long Term Financial Plan Policy

The municipality approved a Long Term Financial Plan Policy in May 2015. The main objective of this policy is to establish and document a structured approach to be followed when compiling a long term financial plan. The long term plan must ensure that the municipality remains financially viable for the foreseeable future while also ensuring that current and future service delivery needs of the community are met.

All the above policies are available on the Municipality's website.

2.4 Overview of budget assumptions

2.4.1 External factors

After the publication of the Census 2011 data, it was revealed that the Swartland Municipality is listed as one of the top ten in terms of population growth. This, coupled with the high unemployment rate in South Africa could place enormous pressure on the revenue stream and especially the recovery rate of debtors. The recovery rate is currently 97.15 per cent.

2.4.2 General inflation outlook and its impact on the municipal activities

The inflation outlook for South Africa is indicated below and has been taken into consideration in the compilation of the 2016/17 MTREF.

Table 1: Macroeconomic performance and projections, 2014/15 – 2018/19

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast		
CPI Inflation	5.6%	5.4%	6.6%	6.2%	5.9%
Real GDP growth	1.6%	0.9%	1.2%	1.9%	2.5%

Source: 2016 Budget Review

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Low oil prices is contributing to the lower rate of inflation. However, the lower oil price is partially offset by the weakening in the Rand vs the Dollar. Inflation is also influenced by the current drought experience in large portion of the country that is contributing to higher food prices.

2.4.3 Credit rating outlook

The credit outlook of South Africa remained under pressure. The current electricity crisis in South Africa is a large contributing factor to this pressure, as the uncertainties surrounding the supply of electricity is negatively impacting on any possible growth opportunities.

2.4.4 Interest rates for borrowing and investment of funds

Interest rates are currently in an upward cycle and more interest rate increases can be expected within the near future to curb the inflation risk. The inflation rate is currently above the target range of the South African Reserve Bank (3 % – 6 %).

2.4.5 Collection rate for revenue services

The base assumption is that tariff and rate increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (97.15 per cent) of annual billings. Cash flow is assumed to be 97.15 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.4.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.4.7 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent

- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

2.4.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Too few people work;
- The quality of school education for black people is poor;
- Infrastructure is poorly located, inadequate and under-maintained;
- Spatial divides hobble inclusive development;
- The economy is unsustainably resource intensive;
- The public health system cannot meet demand or sustain quality;
- Public services are uneven and often of poor quality;
- Corruption levels are high; and
- South Africa remains a divided society.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4.9 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

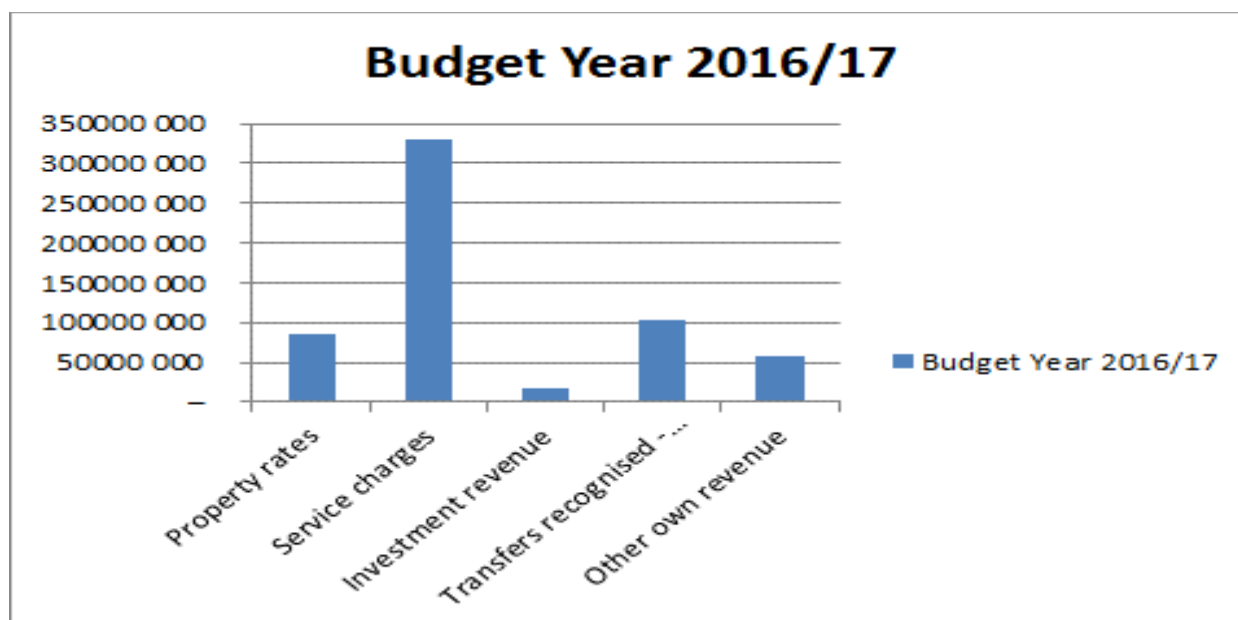
2.5 Overview of budget funding

2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description R thousands	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance								
Property rates	67 274	70 548	73 332	78 939	78 939	85 129	92 899	100 561
Service charges	237 430	250 699	271 667	293 191	293 191	331 267	363 898	391 433
Investment revenue	9 917	12 934	16 371	8 300	17 800	17 300	17 300	17 300
Transfers recognised - operational	40 483	66 152	64 628	62 706	95 132	103 246	113 754	87 189
Other own revenue	31 635	55 772	68 273	53 601	53 659	56 785	59 572	62 378
Total Revenue (excluding capital transfers and contributions)	386 739	456 105	494 271	496 737	538 721	593 726	647 423	658 862

The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

MBRR SA15 – Detail Investment Information

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

MBRR SA16 – Investment particulars by maturity

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	67 274	70 551	73 280	74 992	74 992	82 703	90 252	97 696
Service charges	237 430	250 967	260 549	278 531	278 531	321 826	353 527	380 278
Other revenue	27 835	51 810	63 291	35 757	32 596	33 233	34 461	35 706
Government - operating	38 924	64 638	64 809	62 706	86 116	110 396	146 779	136 439
Government - capital	24 567	37 053	35 292	66 939	59 129	39 124	34 072	36 259
Interest	9 917	12 934	16 371	9 607	19 107	18 741	18 753	18 766
Payments								
Suppliers and employees	(313 247)	(367 934)	(375 440)	(423 881)	(457 826)	(507 763)	(532 793)	(541 576)
Finance charges	(8 486)	(15 107)	(14 768)	(20 199)	(14 501)	(13 923)	(28 448)	(27 138)
Transfers and Grants	(1 293)	(1 975)	(1 999)	(2 137)	(2 137)	(2 137)	(2 137)	(2 206)
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 922	102 937	121 386	82 316	76 008	82 199	114 466	134 222
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	1 550	540	1 341	1 700	200	200	200	200
Decrease (Increase) in non-current debtors	-	-	-	24	21	21	21	21
Decrease (increase) other non-current receivables	60	168	21	-	-	-	-	-
Payments								
Capital assets	(86 828)	(85 453)	(98 122)	(92 885)	(90 701)	(74 690)	(92 115)	(148 450)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(85 218)	(84 744)	(96 760)	(91 162)	(90 480)	(74 469)	(91 893)	(148 229)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	82	-	2 349	8 500	-	-	83 227	-
Increase (decrease) in consumer deposits	-	-	-	591	784	570	604	640
Payments								
Repayment of borrowing	(6 868)	(5 326)	(4 424)	(5 748)	(4 934)	(5 032)	(8 026)	(10 126)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(6 785)	(5 326)	(2 075)	3 343	(4 150)	(4 462)	75 805	(9 486)
NET INCREASE/ (DECREASE) IN CASH HELD	(9 082)	12 866	22 550	(5 503)	(18 622)	3 268	98 378	(23 493)
Cash/cash equivalents at the year begin:	219 211	210 129	222 995	188 123	245 545	226 923	230 191	328 569
Cash/cash equivalents at the year end:	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076

2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments available at the end of the budget year?

- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
<u>Cash and investments available</u>								
Cash/cash equivalents at the year end	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076
Cash and investments available:	210 129	222 995	245 545	182 619	226 923	230 191	328 569	305 076
<u>Application of cash and investments</u>								
Unspent conditional transfers	2 430	102	247	19 554	1 232	2 407	26 429	75 379
Unspent borrowing	–	–	–	–	–	–	68 227	–
Other working capital requirements	(3 933)	(18)	4 615	6 390	(1 544)	(876)	(7 453)	(27 194)
Reserves to be backed by cash/investments	91 546	87 509	100 465	87 509	100 465	100 465	100 465	100 465
Total Application of cash and investments:	90 043	87 593	105 327	113 453	100 153	101 996	187 668	148 650
Surplus(shortfall)	120 087	135 402	140 218	69 166	126 771	128 196	140 901	156 426

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.
- The Capital Replacement Reserve that needs to be cash-backed.

2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures									
Cash/cash equivalents at the year end - R'000	18(1)b	210 129	222 995	245 546	182 619	226 923	230 191	328 569	305 076
Cash + investments at the yr end less applications - R'000	18(1)b	120 087	135 402	140 218	69 166	126 771	128 196	140 901	156 426
Cash year end/monthly employee/supplier payments	18(1)b	8.5	7.7	8.0	5.0	6.1	5.8	7.7	6.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(2 167)	20 902	19 151	(14 887)	(1 041)	(12 798)	(3 478)	5 554
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	N.A.	(0.6%)	1.4%	1.9%	(6.0%)	5.9%	3.7%	1.7%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	99.3%	99.2%	96.4%	91.5%	90.7%	92.6%	92.7%	92.7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.4%	5.9%	4.6%	9.2%	8.3%	4.3%	4.2%	4.1%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.0%	102.1%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.1%	0.0%	4.2%	20.8%	0.0%	0.0%	148.5%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a						93.2%	82.8%	71.7%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	17.6%	33.5%	(25.0%)	63.9%	5.1%	10.6%	17.3%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(41.5%)	(9.1%)	(12.3%)	2.6%	(11.1%)	(12.5%)	(14.3%)
R&M % of Property Plant & Equipment	20(1)(vi)	0.9%	1.0%	1.1%	1.1%	1.9%	2.7%	3.0%	1.4%
Asset renewal % of capital budget	20(1)(vi)	87.3%	65.6%	65.0%	42.2%	34.8%	51.3%	54.4%	72.5%

2.5.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

2.5.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

2.5.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of 4.

2.5.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 97.15 per cent performance target, the cash flow statement has been based on actual rates achieved during 2014/2015. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. It also includes fines with a very low collection rate (below 25%) This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.5.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.5.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.5.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.5.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

2.5.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.6 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

Description	2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				
EXPENDITURE:				
<u>Operating expenditure of Transfers and Grants</u>				
National Government:	55 436	62 210	70 914	79 258
Local Government Equitable Share	51 772	59 275	69 364	77 708
Municipal Systems Improvement	930	—	—	—
Finance Management	1 549	1 475	1 550	1 550
EPWP Incentive	1 185	1 460	—	—
Provincial Government:	39 599	41 036	42 840	7 931
Community Development: Workers	28	37	37	37
Housing	20 819	20 000	12 000	—
Refurbishment of Municipal Flats	2 000	—	—	—
Libraries	6 185	6 616	7 013	7 434
Proclaimed Roads Subsidy	9 948	14 263	23 550	—
Financial Management Support Grant	100	—	—	—
Financial Management Support Grant: Student Bursaries	—	120	240	360
Financial Management Support Grant: mSCOA	50	—	—	—
Ilinge Lethu Centre	100	—	—	100
RSEP/VPUU Municipal Projects	368	—	—	—
Other grant providers:	98	—	—	—
Disaster Fund	48	—	—	—
Financial Support: Bulk SMS System - DLG	50	—	—	—
Total operating expenditure of Transfers and Grants:	95 132	103 246	113 754	87 189
<u>Capital expenditure of Transfers and Grants</u>				
National Government:	27 709	22 430	21 722	32 759
Municipal Infrastructure Grant (MIG)	22 709	20 330	21 722	22 759
Energy Efficiency and Demand Side Management Grant	5 000	—	—	10 000
Integrated National Electrification Programme (municipal)	—	2 100	—	—
Provincial Government:	31 249	9 409	14 350	3 800
Human Settlements	28 516	—	7 700	—
RSEP/VPUU Municipal Projects	300	6 325	6 650	3 800
Libraries	2 425	3 030	—	—
Community Development: Workers	8	—	—	—
Sport facility	—	54	—	—
Other grant providers:	—	2 210	—	—
Accelerated Community Infrastructure Programme	—	2 210	—	—
Total capital expenditure of Transfers and Grants	58 958	34 049	36 072	36 559
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	154 090	137 295	149 826	123 748

MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
<u>Operating transfers and grants:</u>								
National Government:								
Balance unspent at beginning of the year	–	28	–	–	99	–	–	–
Current year receipts	29 802	35 696	47 094	55 337	55 337	62 210	70 914	79 258
Transfer to/from Debtors	(35)	36	(36)	–	–	–	–	–
Conditions met - transferred to revenue	29 739	35 760	46 959	55 337	55 436	62 210	70 914	79 258
Conditions still to be met - transferred to liabilities	28	–	99	–	–	–	–	–
Provincial Government:								
Balance unspent at beginning of the year	2 990	1 397	40	–	100	50	50	26 072
Current year receipts	8 948	28 752	17 201	7 369	30 729	48 186	75 865	57 181
Transfer to/from Debtors	–	–	–	–	8 819	(7 150)	(7 003)	–
Conditions met - transferred to revenue	10 541	30 109	17 141	7 369	39 599	41 036	42 840	7 931
Conditions still to be met - transferred to liabilities	1 397	40	100	–	50	50	26 072	75 322
Other grant providers:								
Balance unspent at beginning of the year	184	155	62	–	48	–	–	–
Current year receipts	174	190	514	–	50	–	–	–
Conditions met - transferred to revenue	203	283	528	–	98	–	–	–
Conditions still to be met - transferred to liabilities	155	62	48	–	–	–	–	–
Total operating transfers and grants revenue	40 483	66 152	64 628	62 706	95 132	103 246	113 754	87 189
Total operating transfers and grants - CTBM	1 580	102	247	–	50	50	26 072	75 322
<u>Capital transfers and grants:</u>								
National Government:								
Balance unspent at beginning of the year	–	404	–	–	–	–	–	–
Current year receipts	17 948	22 395	32 341	20 709	27 709	26 330	21 722	32 759
Transfer to/from Debtors	–	2 423	(2 423)	–	–	(3 900)	–	–
Conditions met - transferred to revenue	17 545	25 222	29 918	20 709	27 709	22 430	21 722	32 759
Conditions still to be met - transferred to liabilities	404	–	–	–	–	–	–	–
Provincial Government:								
Balance unspent at beginning of the year	427	–	–	4 599	–	1 182	2 357	357
Current year receipts	6 426	14 658	2 951	46 230	31 420	10 584	12 350	3 500
Transfer to/from Debtors	73	1 376	6 697	–	1 011	–	–	–
Conditions met - transferred to revenue	6 926	16 034	9 647	31 275	31 249	9 409	14 350	3 800
Conditions still to be met - transferred to liabilities	–	–	–	19 554	1 182	2 357	357	57
Other grant providers:								
Balance unspent at beginning of the year	990	446	–	–	–	–	–	–
Current year receipts	193	–	–	–	–	2 210	–	–
Transfer to/from Debtors	(737)	(446)	–	–	–	–	–	–
Conditions met - transferred to revenue	–	–	–	–	–	2 210	–	–
Conditions still to be met - transferred to liabilities	446	–	–	–	–	–	–	–
Total capital transfers and grants revenue	24 471	41 256	39 565	51 984	58 958	34 049	36 072	36 559
Total capital transfers and grants - CTBM	850	–	–	19 554	1 182	2 357	357	57
TOTAL TRANSFERS AND GRANTS REVENUE	64 953	107 408	104 193	114 690	154 090	137 295	149 826	123 748
TOTAL TRANSFERS AND GRANTS - CTBM	2 430	102	247	19 554	1 232	2 407	26 429	75 379

2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the proposed budget of the municipality:

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
Cash Transfers to Organisations								
<i>Darling Focus</i>	40	–	–	40	40	40	40	40
<i>Darling Renosterveld en Groenkloof</i>	–	–	–	20	20	20	20	20
<i>Donation: Huis van Heerde</i>	25	25	25	25	25	25	25	25
<i>Donation: SPCA</i>	169	169	169	169	169	169	169	169
<i>ECD Centres</i>	–	40	40	40	40	40	40	40
<i>Elkana Child Care</i>	45	45	45	45	45	45	45	45
<i>HUB R27</i>	–	–	–	30	30	30	30	30
<i>Multipurpose Centre: Illinge Lethu</i>	38	40	40	–	–	–	–	–
<i>Multipurpose Centre: Kalbaskraal</i>	26	29	24	30	30	30	30	30
<i>Multipurpose Centre: Moorreesburg</i>	40	40	40	40	40	40	40	40
<i>Museum - Malmesbury</i>	45	45	45	45	45	45	45	45
<i>Museum: Darling</i>	45	45	45	45	45	45	45	45
<i>Museum: Oude Kerk</i>	45	45	45	45	45	45	45	45
<i>Museum: Wheat Industry</i>	45	45	45	45	45	45	45	45
<i>Night Shelter</i>	25	25	25	25	25	25	25	25
<i>Old Age Homes</i>	–	676	676	680	680	680	680	680
<i>Ons Kan Training Centre</i>	20	20	20	20	20	20	20	20
<i>Paardeberg</i>	–	–	–	–	–	–	–	–
<i>Yzerfontein Conservancy</i>	50	50	50	65	65	65	65	65
<i>National Sea Rescue Institute (NSRI)</i>	–	–	30	30	30	30	30	30
<i>Tourism: Swartland Coast</i>	634	634	634	697	697	697	697	767
Total Cash Transfers To Organisations	1 293	1 975	1 999	2 137	2 137	2 137	2 137	2 206
TOTAL CASH TRANSFERS AND GRANTS	1 293	1 975	1 999	2 137	2 137	2 137	2 137	2 206

2.8 Councilor and employee benefits

MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Councillors (Political Office Bearers plus Other)								
Basic Salaries and Wages	3 919	4 793	5 106	6 116	6 116	5 493	5 822	6 172
Pension and UIF Contributions	588	720	766	837	837	824	873	926
Medical Aid Contributions	334	218	255	284	284	331	350	371
Motor Vehicle Allowance	1 533	1 495	1 568	1 746	1 746	2 048	2 171	2 301
Cellphone Allowance	329	478	478	547	547	547	580	615
Sub Total - Councillors	6 703	7 703	8 174	9 530	9 530	9 243	9 797	10 385
% increase		14.9%	6.1%	16.6%	-	(3.0%)	6.0%	6.0%
Senior Managers of the Municipality								
Basic Salaries and Wages	4 723	5 060	5 581	5 602	5 602	7 040	7 684	8 291
Pension and UIF Contributions	845	973	1 117	1 265	1 265	1 290	1 367	1 448
Medical Aid Contributions	329	272	271	310	310	313	341	372
Motor Vehicle Allowance	1 080	1 046	960	851	851	764	810	858
Other benefits and allowances	196	188	278	583	583	289	300	312
Long service awards	212	69	114	-	-	297	-	-
Sub Total - Senior Managers of Municipality	7 385	7 609	8 320	8 611	8 611	9 993	10 501	11 280
% increase		3.0%	9.3%	3.5%	-	16.0%	5.1%	7.4%
Other Municipal Staff								
Basic Salaries and Wages	71 410	76 774	82 379	93 467	95 351	105 319	113 988	123 287
Pension and UIF Contributions	11 621	12 293	13 146	15 105	15 433	15 888	16 693	17 622
Medical Aid Contributions	5 071	5 525	6 176	6 945	6 945	8 542	9 256	10 090
Overtime	4 214	4 465	4 830	4 486	4 486	5 355	6 076	6 017
Motor Vehicle Allowance	5 248	5 770	5 726	7 378	7 827	8 166	8 666	9 078
Housing Allowances	441	413	445	700	946	1 561	1 664	1 764
Other benefits and allowances	5 960	6 422	6 194	6 117	5 875	7 869	8 342	8 798
Payments in lieu of leave	602	1 465	1 016	1 217	1 217	1 302	1 393	1 491
Long service awards	2 911	947	808	1 814	1 814	797	446	997
Post-retirement benefit obligations	10 957	7 348	6 192	10 866	10 866	10 866	6 935	7 638
Sub Total - Other Municipal Staff	118 435	121 422	126 910	148 095	150 760	165 665	173 460	186 781
% increase		2.5%	4.5%	16.7%	1.8%	9.9%	4.7%	7.7%
Total Parent Municipality	132 523	136 734	143 404	166 236	168 902	184 900	193 759	208 447
		3.2%	4.9%	15.9%	1.6%	9.5%	4.8%	7.6%

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<u>Councillors</u>							
Speaker		397 330	103 242	196 390			696 962
Chief Whip		–	–	–			–
Executive Mayor		532 310	93 408	239 488			865 206
Deputy Executive Mayor		435 280	65 292	196 334			696 906
Executive Committee		1 538 950	338 193	742 341			2 619 484
Total for all other councillors		2 589 020	554 384	1 220 778			4 364 182
Total Councillors	–	5 492 890	1 154 519	2 595 331			9 242 740
<u>Senior Managers of the Municipality</u>							
Municipal Manager (MM)		1 418 740	284 708	310 304	–		2 013 753
Chief Finance Officer		1 083 399	236 911	110 242	–		1 430 553
<i>List of each official with packages >= senior manager</i>							
Director: Corporate Services		925 032	213 867	101 050	–		1 239 949
Director: Development Services		859 660	209 559	211 748	–		1 280 967
Director: Civil Services		948 052	214 891	184 078	–		1 347 021
Director: Electrical Services		909 375	210 382	239 014	–		1 358 772
Director: Protection Services		896 207	220 017	205 267	–		1 321 491
Total Senior Managers of the Municipality	–	7 040 466	1 590 335	1 361 704	–		9 992 505
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	–	12 533 356	2 744 853	3 957 035	–		19 235 245

MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers				2014/15			Current Year 2015/16			Budget Year 2016/17		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities												
Councillors (Political Office Bearers plus Other Councillors)	23	7	16	23	7	16	23	7	16	23	7	16
Board Members of municipal entities	-	-	-	-	-	-	-	-	-	-	-	-
Municipal employees												
Municipal Manager and Senior Managers	7	7	-	7	7	-	7	7	-	7	7	-
Other Managers	-	-	-	-	-	-	-	-	-	-	-	-
Professionals	24	24	-	24	24	-	24	24	-	24	24	-
<i>Finance</i>	5	5	-	5	5	-	5	5	-	5	5	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Roads</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Electricity</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Water</i>	1	1	-	1	1	-	1	1	-	1	1	-
<i>Sanitation</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Refuse</i>	1	1	-	1	1	-	1	1	-	1	1	-
<i>Other</i>	9	9	-	9	9	-	9	9	-	9	9	-
Technicians	31	30	-	30	30	-	30	30	-	30	30	-
<i>Finance</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Spatial/town planning</i>	4	4	-	4	4	-	4	4	-	4	4	-
<i>Information Technology</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Roads</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Electricity</i>	5	5	-	5	5	-	5	5	-	5	5	-
<i>Water</i>	3	3	-	3	3	-	3	3	-	3	3	-
<i>Sanitation</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Refuse</i>	2	2	-	2	2	-	2	2	-	2	2	-
<i>Other</i>	11	10	-	10	10	-	10	10	-	10	10	-
Clerks (Clerical and administrative)	112	106	-	111	107	-	111	111	-	111	111	-
Service and sales workers	66	62	-	66	62	-	66	66	-	66	66	-
Skilled agricultural and fishery workers	1	1	-	1	1	-	1	1	-	1	1	-
Craft and related trades	32	30	-	32	30	-	32	32	-	32	32	-
Plant and Machine Operators	42	41	-	42	42	-	42	42	-	42	42	-
Elementary Occupations	239	213	-	238	233	-	238	238	-	238	238	-
TOTAL PERSONNEL NUMBERS	577	521	16	574	543	16	574	558	16	574	558	16
% increase				(0.5%)	4.2%	-	-	2.8%	-	-	2.8%	-
Total municipal employees headcount	577	521	16	574	543	16	574	558	16	574	558	16
Finance personnel headcount	72	66	-	66	66	-	66	66	-	66	66	-
Human Resources personnel headcount	5	5	-	5	5	-	5	5	-	5	5	-

2.9 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	13 415	5 486	6 414	6 827	6 561	6 807	6 725	6 677	6 628	6 647	6 530	6 412	85 129	92 899	100 561
Property rates - penalties & collection charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	21 602	21 435	19 497	19 449	18 958	18 864	19 072	17 479	18 915	18 692	19 637	21 848	235 449	252 807	271 264
Service charges - water revenue	2 116	2 720	2 574	2 960	4 149	4 446	5 877	5 051	4 915	4 565	4 192	3 340	46 904	59 926	67 300
Service charges - sanitation revenue	2 369	2 369	2 375	2 373	2 378	2 379	2 379	2 377	2 378	2 378	2 377	2 377	28 509	29 972	30 885
Service charges - refuse revenue	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	20 405	21 193	21 984
Rental of facilities and equipment	161	270	329	282	350	391	245	254	262	266	335	440	3 586	3 759	3 940
Interest earned - external investments	25	25	25	25	25	25	25	25	25	25	25	17 025	17 300	17 300	17 300
Interest earned - outstanding debtors	131	127	126	163	129	114	126	118	110	112	128	99	1 483	1 495	1 509
Fines	536	536	536	536	536	536	536	536	536	536	536	22 336	28 236	30 236	32 237
Licences and permits	308	297	293	300	279	290	286	281	294	276	277	295	3 475	3 491	3 509
Agency services	271	251	271	268	206	242	251	246	241	209	205	279	2 939	3 086	3 240
Transfers recognised - operational	27 390	1 830	1 837	4 005	19 613	1 800	4 005	1 830	19 583	1 800	1 800	17 753	103 246	113 754	87 189
Other revenue	739	1 529	1 115	1 303	1 321	1 113	1 095	929	1 206	1 158	1 117	4 240	16 866	17 303	17 743
Gains on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	200	200	200	200
Total Revenue (excluding capital transfers and contributions)	70 763	38 575	37 093	40 192	56 206	38 707	42 323	37 505	56 794	38 365	38 859	98 344	593 726	647 423	658 862
Expenditure By Type															
Employee related costs	12 093	12 863	12 885	12 973	19 636	13 053	13 029	12 997	12 917	12 984	12 886	27 340	175 657	183 962	198 062
Remuneration of councillors	681	681	681	681	681	681	681	1 275	801	801	801	801	9 243	9 797	10 385
Debt impairment	–	–	–	–	–	–	–	–	–	–	–	17 983	17 983	19 062	20 206
Depreciation & asset impairment	6 765	6 765	6 765	6 765	6 765	6 765	6 765	6 765	6 765	6 765	6 765	9 265	83 678	91 981	93 725
Finance charges	10	10	10	10	10	6 914	10	10	10	10	10	6 914	13 923	28 448	27 138
Bulk purchases	3 986	23 105	19 136	16 298	12 820	17 544	13 570	16 509	16 088	16 748	18 953	37 631	212 388	224 831	246 671
Contracted services	317	302	357	353	376	389	365	354	361	357	314	394	4 239	4 467	4 762
Transfers and grants	14	357	14	883	18	196	14	18	63	192	116	254	2 137	2 137	2 206
Other expenditure	9 493	9 927	9 927	9 927	9 927	10 074	9 921	9 921	9 923	9 984	9 922	10 791	119 740	119 925	84 229
Loss on disposal of PPE	–	–	–	–	–	–	–	–	–	–	–	2 251	2 251	2 364	2 482
Total Expenditure	33 358	54 010	49 775	47 889	50 232	55 615	44 355	47 848	46 927	47 839	49 768	113 624	641 239	686 973	689 867
Surplus/(Deficit)	37 406	(15 435)	(12 682)	(7 698)	5 974	(16 908)	(2 032)	(10 343)	9 867	(9 474)	(10 908)	(15 280)	(47 513)	(39 550)	(31 005)
Transfers recognised - capital	5 382	–	4 811	1 010	9 878	–	1 010	–	11 904	–	–	54	34 049	36 072	36 559
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–	666	666	–	–
Surplus/(Deficit)	42 788	(15 435)	(7 870)	(6 688)	15 852	(16 908)	(1 022)	(10 343)	21 770	(9 474)	(10 908)	(14 560)	(12 798)	(3 478)	5 554

MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
Vote 1 - Corporate Services	3 265	60	64	3 275	58	62	3 272	63	60	59	62	210	10 510	8 042	8 814
Vote 2 - Civil Services	24 426	7 558	9 640	7 931	29 039	9 392	10 779	9 767	31 036	9 422	9 060	27 117	185 167	210 444	199 418
Vote 3 - Council	2	2	2	102	2	2	2	2	2	2	2	2	125	125	125
Vote 4 - Electricity Services	22 882	21 992	21 736	19 499	20 067	18 888	19 111	17 538	19 945	18 740	19 692	21 905	241 995	257 623	286 484
Vote 5 - Financial Services	24 182	5 699	6 627	7 076	13 583	7 008	6 938	6 882	13 630	6 846	6 745	23 797	129 014	143 315	155 323
Vote 6 - Development Services	271	2 177	2 640	2 211	2 310	2 284	2 154	2 186	2 817	2 272	2 277	2 703	26 302	26 196	5 835
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	1 118	1 087	1 196	1 108	1 024	1 072	1 077	1 066	1 207	1 024	1 021	23 329	35 328	37 749	39 422
Total Revenue by Vote	76 145	38 575	41 904	41 202	66 084	38 707	43 333	37 505	68 697	38 365	38 859	99 064	628 441	683 495	695 421
Expenditure by Vote to be appropriated															
Vote 1 - Corporate Services	1 766	1 940	1 766	1 940	2 302	1 940	1 766	1 766	1 766	1 940	1 766	3 210	23 869	25 046	27 087
Vote 2 - Civil Services	14 732	17 366	17 371	17 470	20 630	25 039	18 499	18 841	18 556	18 485	18 639	34 920	240 547	269 573	251 995
Vote 3 - Council	1 010	1 180	1 012	1 767	1 016	1 059	1 012	1 610	1 181	1 196	1 235	1 402	14 678	15 531	16 342
Vote 4 - Electricity Services	7 547	24 689	20 745	17 812	14 780	18 602	14 097	16 689	16 533	17 339	19 279	38 551	226 664	244 413	264 876
Vote 5 - Financial Services	2 199	2 430	2 474	2 455	3 342	2 483	2 457	2 456	2 465	2 455	2 429	12 043	39 689	41 877	46 166
Vote 6 - Development Services	3 289	3 311	3 310	3 310	3 900	3 311	3 308	3 308	3 309	3 312	3 309	4 474	41 452	34 099	23 236
Vote 7 - Municipal Manager	523	523	523	523	644	523	523	523	523	523	523	842	6 712	6 066	6 498
Vote 8 - Protection Services	2 292	2 570	2 574	2 613	3 618	2 658	2 694	2 654	2 594	2 590	2 587	18 183	47 628	50 366	53 668
Total Expenditure by Vote	33 358	54 010	49 775	47 889	50 232	55 615	44 355	47 848	46 927	47 839	49 768	113 624	641 239	686 973	689 867
Surplus/(Deficit)	42 788	(15 435)	(7 870)	(6 688)	15 852	(16 908)	(1 022)	(10 343)	21 770	(9 474)	(10 908)	(14 560)	(12 798)	(3 478)	5 554

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
Governance and administration	24 254	5 775	6 700	7 249	13 656	7 081	7 011	6 953	13 735	6 919	6 818	27 093	133 242	147 631	159 807
Executive and council	2	2	2	102	2	2	2	2	2	2	2	2	125	125	125
Budget and treasury office	24 182	5 699	6 627	7 076	13 583	7 008	6 938	6 882	13 630	6 846	6 745	23 797	129 014	143 315	155 323
Corporate services	70	73	71	71	70	71	70	69	102	71	71	3 294	4 102	4 190	4 359
Community and public safety	5 621	2 671	5 250	5 871	7 068	2 765	5 834	2 659	9 757	2 639	2 728	25 671	78 534	73 752	52 513
Community and social services	3 279	104	505	3 289	103	76	3 287	108	635	73	76	104	11 640	16 700	8 559
Sport and recreation	1 788	213	2 300	228	4 591	335	193	198	6 635	212	278	798	17 770	13 669	11 071
Public safety	538	538	630	538	538	538	538	538	671	538	538	22 754	28 896	31 155	32 655
Housing	16	1 816	1 816	1 816	1 836	1 816	1 816	1 816	1 816	1 816	1 835	2 016	20 228	12 228	228
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	1 804	700	927	770	3 378	701	722	704	3 070	764	680	16 061	30 281	34 084	9 511
Planning and development	161	142	152	191	171	158	174	167	289	268	188	407	2 469	2 528	2 633
Road transport	1 643	558	775	579	3 207	543	548	538	2 780	496	492	15 654	27 813	31 556	6 879
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	44 465	29 427	29 026	27 309	41 980	28 159	29 765	27 186	42 134	28 041	28 632	30 237	386 361	428 004	473 365
Electricity	22 882	21 992	21 736	19 499	20 067	18 888	19 111	17 538	19 945	18 740	19 692	21 905	241 995	257 623	286 484
Water	5 551	2 846	2 701	3 086	8 313	4 572	6 003	5 178	8 743	4 691	4 318	3 466	59 467	70 469	87 306
Waste water management	9 829	2 749	2 750	2 885	8 489	2 860	2 812	2 632	8 335	2 771	2 782	2 787	51 681	64 971	62 555
Waste management	6 203	1 839	1 839	1 839	5 112	1 839	1 839	1 839	5 112	1 839	1 839	2 079	33 218	34 940	37 019
Other	2	2	2	2	2	2	2	2	2	2	2	2	23	25	225
Total Revenue - Standard	76 145	38 575	41 904	41 202	66 084	38 707	43 333	37 505	68 697	38 365	38 859	99 064	628 441	683 495	695 421

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure - Standard															
Governance and administration	5 635	6 065	5 948	6 680	7 338	6 412	5 922	6 523	6 096	6 100	6 116	27 654	96 491	96 365	103 458
Executive and council	1 533	1 703	1 534	2 289	1 659	1 582	1 534	2 132	1 703	1 718	1 758	2 244	21 390	21 598	22 840
Budget and treasury office	2 199	2 430	2 474	2 455	3 342	2 483	2 457	2 456	2 465	2 455	2 429	12 043	39 689	41 877	46 166
Corporate services	1 903	1 932	1 940	1 936	2 337	2 347	1 931	1 935	1 928	1 927	1 929	13 368	35 412	32 890	34 452
Community and public safety	6 691	7 034	7 043	7 073	8 963	7 189	7 164	7 143	7 059	7 066	7 048	23 750	103 223	97 996	92 268
Community and social services	1 368	1 382	1 378	1 378	1 816	1 377	1 373	1 376	1 374	1 377	1 375	2 170	17 744	18 565	19 843
Sport and recreation	1 588	1 639	1 646	1 640	2 297	1 711	1 653	1 670	1 647	1 656	1 643	2 502	21 291	21 107	22 868
Public safety	1 744	2 021	2 025	2 064	2 803	2 109	2 145	2 105	2 045	2 041	2 038	16 882	40 023	42 144	45 273
Housing	1 992	1 992	1 994	1 992	2 046	1 992	1 993	1 992	1 992	1 992	1 992	2 195	24 165	16 181	4 283
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	6 901	6 985	6 989	6 987	8 236	7 363	6 977	6 982	6 980	7 043	6 985	10 600	89 028	100 615	74 297
Planning and development	965	965	965	965	1 269	965	965	965	965	965	965	1 716	12 640	12 779	13 579
Road transport	5 936	6 019	6 023	6 022	6 966	6 397	6 012	6 017	6 014	6 078	6 020	8 884	76 388	87 836	60 718
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	14 089	33 711	29 754	26 933	25 633	34 435	24 251	27 158	26 751	27 414	29 577	51 488	351 194	390 668	418 393
Electricity	7 547	24 689	20 745	17 812	14 780	18 602	14 097	16 689	16 533	17 339	19 279	28 632	216 746	234 479	254 154
Water	1 947	4 129	4 093	4 201	4 945	5 103	5 231	5 554	5 310	5 155	5 379	8 479	59 525	78 457	83 373
Waste water management	2 434	2 662	2 674	2 665	2 984	8 465	2 656	2 658	2 653	2 661	2 677	10 221	45 409	46 349	47 312
Waste management	2 161	2 230	2 241	2 255	2 924	2 266	2 267	2 257	2 255	2 260	2 243	4 156	29 514	31 383	33 554
Other	41	215	41	215	62	215	41	41	41	215	41	132	1 303	1 328	1 452
Total Expenditure - Standard	33 358	54 010	49 775	47 889	50 232	55 615	44 355	47 848	46 927	47 839	49 768	113 624	641 239	686 973	689 867
Surplus/(Deficit)	42 788	(15 435)	(7 870)	(6 688)	15 852	(16 908)	(1 022)	(10 343)	21 770	(9 474)	(10 908)	(14 560)	(12 798)	(3 478)	5 554

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Multi-year expenditure to be appropriated</u>															
Vote 1 - Corporate Services	500	500	500	500	500	500	-	-	-	-	-	-	3 000	-	-
Vote 2 - Civil Services	-	-	-	500	500	500	200	600	850	100	1 500	1 500	6 250	39 815	100 843
Vote 3 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Electricity Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Development Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	25	25	-	-	100	-	75	-	-	225	900	400
Capital multi-year expenditure sub-total	500	500	500	1 025	1 025	1 000	200	700	850	175	1 500	1 500	9 475	40 715	101 243
<u>Single-year expenditure to be appropriated</u>															
Vote 1 - Corporate Services	4	4	4	4	4	34	4	4	4	4	4	1 004	1 075	247	450
Vote 2 - Civil Services	2 705	3 805	3 902	6 590	8 154	4 000	3 151	6 919	6 661	1 655	1 508	1 471	50 523	27 598	23 032
Vote 3 - Council	66	66	66	66	66	66	66	66	66	66	66	74	805	806	806
Vote 4 - Electricity Services	125	135	135	334	135	135	2 035	4 140	237	135	780	110	8 441	9 230	19 352
Vote 5 - Financial Services	1	1	1	1	1	1	1	1	1	1	1	1	15	536	1 187
Vote 6 - Development Services	474	504	954	454	354	204	204	204	204	204	204	54	4 020	10 762	1 064
Vote 7 - Municipal Manager	4	4	4	4	4	4	4	4	4	4	4	4	50	6	6
Vote 8 - Protection Services	7	7	7	207	7	7	7	7	7	7	7	7	285	2 216	1 313
Capital single-year expenditure sub-total	3 388	4 528	5 075	7 662	8 727	4 452	5 474	11 346	7 186	2 078	2 575	2 726	65 215	51 400	47 208
Total Capital Expenditure	3 888	5 028	5 575	8 687	9 752	5 452	5 674	12 046	8 036	2 253	4 075	4 226	74 690	92 115	148 450

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Capital Expenditure - Standard															
Governance and administration	575	575	575	575	575	605	75	75	75	75	75	1 083	4 935	3 283	2 438
Executive and council	71	71	71	71	71	71	71	71	71	71	71	79	855	811	812
Budget and treasury office	1	1	1	1	1	1	1	1	1	1	1	1	15	536	1 187
Corporate services	503	503	503	503	503	533	3	3	3	3	3	1 003	4 065	1 936	440
Community and public safety	784	1 614	2 584	3 169	2 913	1 674	1 574	2 023	2 214	1 789	1 717	364	22 416	25 298	11 237
Community and social services	7	307	257	257	157	7	107	107	157	107	57	7	1 530	11 074	1 097
Sport and recreation	300	1 100	1 620	2 480	2 524	1 460	1 260	1 609	1 850	1 400	1 453	300	17 356	11 108	8 428
Public safety	7	7	7	232	32	7	7	107	7	82	7	7	510	3 116	1 713
Housing	470	200	700	200	200	200	200	200	200	200	200	50	3 020	-	-
Economic and environmental services	400	700	1 200	3 200	3 210	1 620	1 510	3 670	2 129	100	-	1 166	18 905	14 128	11 023
Planning and development	-	-	-	-	-	10	10	10	10	-	-	-	40	42	44
Road transport	400	700	1 200	3 200	3 210	1 610	1 500	3 660	2 119	100	-	1 166	18 865	14 086	10 979
Trading services	2 129	2 139	1 216	1 743	3 054	1 554	2 515	6 279	3 618	289	2 284	1 614	28 434	49 406	123 752
Electricity	125	135	135	334	135	135	2 035	4 140	237	135	780	110	8 441	9 230	19 352
Water	2 000	2 000	1 077	900	910	810	176	1 435	158	150	-	-	9 615	19 304	81 514
Waste water management	-	-	-	505	505	605	300	700	3 220	-	1 500	1 500	8 834	20 356	20 388
Waste management	4	4	4	4	1 504	4	4	4	4	4	4	4	1 543	516	2 498
Total Capital Expenditure - Standard	3 888	5 028	5 575	8 687	9 752	5 452	5 674	12 046	8 036	2 253	4 075	4 226	74 690	92 115	148 450
Funded by:															
National Government	2 450	3 200	2 977	2 900	2 900	1 900	1 200	2 810	1 550	1 300	1 403	50	24 640	21 722	32 759
Provincial Government	600	1 300	1 470	1 495	1 389	830	200	400	700	475	250	300	9 409	14 350	3 800
Transfers recognised - capital	3 050	4 500	4 447	4 395	4 289	2 730	1 400	3 210	2 250	1 775	1 653	350	34 049	36 072	36 559
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	666	666	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	15 000	68 227
Internally generated funds	838	528	1 128	4 292	5 463	2 722	4 274	8 837	5 786	478	2 423	3 210	39 975	41 043	43 664
Total Capital Funding	3 888	5 028	5 575	8 687	9 752	5 452	5 674	12 046	8 036	2 253	4 075	4 226	74 690	92 115	148 450

MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Cash Receipts By Source													1		
Property rates	13 032	5 329	6 232	6 632	6 374	6 613	6 533	6 487	6 439	6 457	6 344	6 229	82 703	90 252	97 696
Service charges - electricity revenue	20 987	20 825	18 942	18 895	18 418	18 326	18 528	16 981	18 376	18 160	19 078	21 225	228 739	245 602	263 533
Service charges - water revenue	2 056	2 643	2 501	2 875	4 031	4 319	5 709	4 907	4 775	4 435	4 072	3 244	45 567	58 218	65 382
Service charges - sanitation revenue	2 301	2 301	2 308	2 305	2 310	2 311	2 311	2 309	2 311	2 311	2 309	2 310	27 697	29 118	30 005
Service charges - refuse revenue	1 652	1 652	1 652	1 652	1 652	1 652	1 652	1 652	1 652	1 652	1 652	1 652	19 823	20 589	21 358
Rental of facilities and equipment	157	262	319	274	340	380	238	246	255	258	326	428	3 484	3 652	3 828
Interest earned - external investments	25	25	25	25	25	25	25	25	25	25	25	17 025	17 300	17 300	17 300
Interest earned - outstanding debtors	127	123	122	158	125	111	123	115	107	109	124	96	1 440	1 453	1 466
Fines	539	539	539	539	539	539	539	539	539	539	539	539	6 469	6 928	7 386
Licences and permits	308	297	293	300	279	290	286	281	294	276	277	295	3 475	3 491	3 509
Agency services	271	251	271	268	206	242	251	246	241	209	205	279	2 939	3 086	3 240
Transfer receipts - operational	29 287	1 957	1 964	4 283	20 971	1 925	4 283	1 957	20 939	1 925	1 925	18 982	110 396	146 779	136 439
Other revenue	739	1 529	1 115	1 303	1 321	1 113	1 095	929	1 206	1 158	1 117	4 240	16 866	17 303	17 743
Cash Receipts by Source	71 481	37 732	36 282	39 510	56 592	37 846	41 574	36 675	57 158	37 513	37 992	76 544	566 899	643 772	668 884
Other Cash Flows by Source															
Transfer receipts - capital	6 184	—	5 528	1 161	11 350	—	1 161	—	13 678	—	—	62	39 124	34 072	36 259
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	200	200	200	200
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	83 227	—
Increase (decrease) in consumer deposits	—	—	—	—	—	—	—	—	—	—	—	570	570	604	640
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	21	21	21	21
Total Cash Receipts by Source	77 665	37 732	41 811	40 670	67 942	37 846	42 734	36 675	70 836	37 513	37 992	77 397	606 813	761 896	706 005
Cash Payments by Type															
Employee related costs	13 008	13 008	13 008	13 008	26 016	13 008	13 008	13 008	13 008	13 008	13 008	13 008	169 104	176 423	192 734
Remuneration of councillors	681	681	681	681	681	681	681	1 275	801	801	801	801	9 243	9 797	10 385
Finance charges	10	10	10	10	10	6 914	10	10	10	10	10	6 914	13 923	28 448	27 138
Bulk purchases - Electricity	3 323	19 263	15 953	13 587	10 688	14 626	11 313	13 763	13 412	13 962	15 801	31 372	177 064	196 294	218 190
Bulk purchases - Water & Sewer	581	3 365	2 787	2 374	1 867	2 555	1 977	2 405	2 343	2 439	2 761	5 481	30 935	26 830	30 535
Contracted services	311	296	350	346	368	381	358	346	354	349	308	386	4 152	4 433	4 802
Transfers and grants - other	14	357	14	883	18	196	14	18	63	192	116	254	2 137	2 137	2 206
Other expenditure	9 297	9 722	9 722	9 722	9 722	9 866	9 716	9 716	9 717	9 778	9 717	10 568	117 265	119 015	84 931
Cash Payments by Type	27 223	46 701	42 524	40 610	49 369	48 226	37 076	40 540	39 708	40 539	42 521	68 784	523 823	563 378	570 921
Other Cash Flows/Payments by Type															
Capital assets	3 888	5 028	5 575	8 687	9 752	5 452	5 674	12 046	8 036	2 253	4 075	4 226	74 690	92 115	148 450
Repayment of borrow ing	—	—	—	—	—	2 516	—	—	—	—	—	2 516	5 032	8 026	10 126
Total Cash Payments by Type	31 111	51 729	48 099	49 297	59 121	56 195	42 750	52 586	47 744	42 791	46 597	75 526	603 545	663 518	729 498
NET INCREASE/(DECREASE) IN CASH HELD	46 554	(13 996)	(6 289)	(8 626)	8 821	(18 349)	(15)	(15 911)	23 092	(5 278)	(8 605)	1 871	3 268	98 378	(23 493)
Cash/cash equivalents at the month/year begin:	226 923	273 477	259 481	253 192	244 566	253 387	235 038	235 022	219 111	242 203	236 925	228 320	226 923	230 191	328 569
Cash/cash equivalents at the month/year end:	273 477	259 481	253 192	244 566	253 387	235 038	235 022	219 111	242 203	236 925	228 320	230 191	230 191	328 569	305 076

2.10 External Mechanisms

The following external mechanism is currently utilised at the municipality:

External mechanism	Yrs/ Mths	Period of agreement	Service provided	Monetary value of agreement
Name of organisation		Number		R thousand
Cleaning Public Open Spaces	Yrs	3	FV Mitchell	635
Highlands Refuse Dump: Recycling	Yrs	11	Hein Baumgarten	168
Refuse Removal: RCK	Yrs	3	Burton Niemand	409
Sweeping of Streets	Yrs	3	Tshayela Projects cc	2 339
Cleaning Services	Yrs	3	Pro-Lux Construction & Cleaning Company	151
Printing of Accounts	Yrs	3	CAB Holdings	315

2.11 Contracts having future budgetary implications

The following contracts have future budgetary implications:

Description	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework			Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Total Contract Value
R thousand	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Revenue Obligation By Contract												
National Sea Rescue Institute (NSRI)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	0
Fire Services	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	0
Total Operating Revenue Implication	0	0	0	0	0	0	0	0	0	0	0	0
Expenditure Obligation By Contract												
Cleaning Public Open Spaces	510	635	667	700	735	772	810	851	894	938	985	8 497
Highlands Refuse Dump: Recycling	168	168	168	168	168	168	168	168	168	168	168	1 848
Refuse Removal: RCK	384	409	438	468	501	536	573	614	657	703	752	6 033
Sweeping of Streets	2 158	2 339	2 514	2 703	2 906	3 124	3 358	3 610	3 881	4 172	4 484	35 249
Cleaning Services	140	151	163	176	190	190	190	190	190	190	190	1 964
Printing of Accounts	300	315	331	347	365	383	402	422	443	465	489	4 262
Total Operating Expenditure Implication	3 660	4 017	4 281	4 563	4 865	5 173	5 502	5 855	6 232	6 636	7 068	57 853
Total Parent Expenditure Implication	3 660	4 017	4 281	4 563	4 865	5 173	5 502	5 855	6 232	6 636	7 068	57 853

2.12 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.

MBRR SA34a - Capital expenditure on new assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure	4 817	20 156	26 700	31 179	46 876	8 503	14 515	28 050
Infrastructure - Road transport	2 350	9 138	6 146	17 649	17 000	-	-	-
Roads, Pavements & Bridges	-	473	1 172	7 449	3 806	-	-	-
Storm water	2 350	8 665	4 974	10 200	13 193	-	-	-
Infrastructure - Electricity	-	5 000	14 102	4 700	7 600	2 100	-	10 000
Generation	-	5 000	-	-	-	-	-	-
Transmission & Reticulation	-	-	14 102	4 700	7 600	2 100	-	10 000
Infrastructure - Water	1 129	3 659	3 850	5 280	12 587	6 153	4 265	13 180
Dams & Reservoirs	179	2 551	666	5 280	3 519	300	500	9 680
Reticulation Water	949	1 109	3 184	-	9 068	5 853	3 765	3 500
Infrastructure - Sanitation	1 338	2 359	2 603	3 550	9 689	250	10 250	4 870
Reticulation Sanitation	1 338	2 359	2 603	3 550	9 689	250	10 250	4 870
Community	383	-	198	11 823	4 376	21 387	23 337	8 909
Parks & gardens	-	-	-	1 500	300	4 950	3 450	3 200
Sports fields & stadia	383	-	198	3 317	1 130	11 057	7 207	4 709
Community halls	-	-	-	-	-	-	1 700	-
Libraries	-	-	-	2 355	2 355	3 030	-	-
Recreational facilities	-	-	-	-	-	900	-	-
Cemeteries	-	-	-	-	490	500	280	-
Other Community	-	-	-	4 650	100	950	10 700	1 000
Investment properties	1 195	-	-	-	-	-	-	-
Housing development	1 195	-	-	-	-	-	-	-
Other assets	4 642	9 201	6 789	10 690	7 875	6 490	4 133	3 916
General vehicles	-	87	192	-	-	-	-	-
Specialised vehicles	-	2 935	-	-	-	-	-	-
Plant & equipment	-	-	415	-	-	-	-	-
Computers - hardware/equipment	11	1 146	2 163	600	657	951	100	1 427
Furniture and other office equipment	2 490	1 295	1 284	790	798	828	833	889
Other Buildings	639	272	163	-	-	-	-	-
Other Land	1 278	-	439	8 500	1 250	1 300	-	-
Other -Other Assets	225	3 467	2 134	800	5 169	3 411	3 200	1 600
Total Capital Expenditure on new assets	11 037	29 356	33 687	53 691	59 126	36 380	41 985	40 875

MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Infrastructure	66 164	50 260	55 002	37 602	30 057	31 810	44 705	101 518
Infrastructure - Road transport	11 305	8 325	9 869	24 910	18 297	17 100	11 840	10 925
Roads, Pavements & Bridges	10 405	7 675	9 369	24 610	17 997	16 000	11 000	10 000
Storm water	900	650	500	300	300	1 100	840	925
Infrastructure - Electricity	15 253	5 186	4 333	6 200	6 200	7 000	7 800	7 000
Generation	15 253	5 186	-	-	-	-	-	-
Transmission & Reticulation	-	-	4 333	6 200	6 200	7 000	7 800	7 000
Infrastructure - Water	8 845	2 613	-	2 832	-	2 210	15 000	68 293
Dams & Reservoirs	3 463	649	-	270	-	-	-	-
Reticulation Water	5 381	1 964	-	2 562	-	2 210	15 000	68 293
Infrastructure - Sanitation	30 561	34 137	40 799	3 660	5 560	5 500	10 065	15 300
Reticulation Sanitation	30 561	34 137	40 799	3 660	5 560	5 500	10 065	15 300
Infrastructure - Other	200	-	-	-	-	-	-	-
Waste Management	200	-	-	-	-	-	-	-
Community	1 618	989	787	-	-	-	-	-
Sports fields & stadia	688	989	595	-	-	-	-	-
Cemeteries	377	-	193	-	-	-	-	-
Other Community	553	-	-	-	-	-	-	-
Other assets	8 009	4 848	6 658	1 592	1 518	6 500	5 425	6 058
General vehicles	6 853	3 531	5 618	560	1 316	6 330	4 785	5 953
Plant & equipment	-	40	-	-	-	-	-	-
Computers - hardware/equipment	-	764	-	30	-	-	500	-
Furniture and other office equipment	-	52	-	-	-	-	-	-
Other Buildings	400	-	-	-	-	-	-	-
Other -Other Assets	756	461	1 040	1 002	202	170	140	105
Total Capital Expenditure on renewal of existing	75 791	56 097	62 447	39 194	31 575	38 310	50 130	107 575

MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>								
<u>Infrastructure</u>	10 334	10 631	11 644	11 626	25 456	32 642	42 188	13 736
Infrastructure - Road transport	3 387	3 406	4 591	3 561	17 410	23 551	32 861	3 950
Roads, Pavements & Bridges	272	253	1 335	291	14 040	19 931	29 346	337
Storm water	3 115	3 153	3 256	3 270	3 370	3 620	3 515	3 613
Infrastructure - Electricity	1 079	934	1 108	1 011	1 011	1 224	1 284	1 346
Transmission & Reticulation	679	646	723	721	721	771	809	847
Street Lighting	400	289	385	290	290	453	475	499
Infrastructure - Water	827	924	792	957	957	1 179	1 132	1 186
Reticulation Water	827	924	792	957	957	1 179	1 132	1 186
Infrastructure - Sanitation	1 587	1 494	1 638	1 617	1 598	1 983	1 972	2 066
Reticulation Sewerage	1 587	1 494	1 638	1 617	1 598	1 983	1 972	2 066
Infrastructure - Other	3 453	3 872	3 516	4 481	4 481	4 705	4 940	5 187
Waste Management	3 453	3 872	3 516	4 481	4 481	4 705	4 940	5 187
<u>Community</u>	656	642	1 438	653	653	1 960	791	826
Sportsfields & stadia	276	263	374	250	250	305	320	336
Swimming pools	85	166	726	100	100	113	119	124
Recreational facilities	166	114	157	194	194	1 406	232	241
Fire, safety & emergency	7	13	33	17	17	20	21	22
Cemeteries	96	46	71	62	62	65	68	72
Social rental housing	26	40	78	30	30	50	30	30
<u>Other assets</u>	4 706	5 757	6 569	8 279	8 379	12 267	9 690	10 402
General vehicles	2 073	2 737	3 493	4 725	4 725	4 766	5 799	6 278
Plant & equipment	566	690	852	933	933	921	987	1 078
Furniture and other office equipment	374	358	383	581	581	1 004	635	667
Other Buildings	1 692	1 971	1 840	2 040	2 140	5 576	2 269	2 378
Total Repairs and Maintenance Expenditure	15 696	17 030	19 651	20 559	34 488	46 868	52 669	24 963

MBRR SA34d - Depreciation by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand								
<u>Depreciation by Asset Class/Sub-class</u>								
<u>Infrastructure</u>	56 593	54 331	60 310	64 949	64 949	65 842	74 226	75 009
Infrastructure - Road transport	25 015	24 949	25 727	28 427	28 427	29 629	29 853	29 778
Roads, Pavements & Bridges	25 015	24 949	25 727	28 412	28 412	26 190	26 417	26 158
Storm water	-	-	-	16	16	3 439	3 436	3 620
Infrastructure - Electricity	11 402	11 124	11 329	12 313	12 313	12 448	12 889	12 666
Generation	11 402	11 124	11 329	4 413	4 413	-	-	-
Transmission & Reticulation	-	-	-	7 900	7 900	12 426	12 867	12 644
Street Lighting	-	-	-	-	-	22	22	22
Infrastructure - Water	10 491	9 286	9 503	10 565	10 565	9 978	17 398	18 454
Dams & Reservoirs	2 547	1 211	1 256	1 771	1 771	1 280	1 401	1 855
Water purification	-	-	1 343	57	57	1 363	1 357	1 357
Reticulation	7 944	8 075	6 904	8 737	8 737	7 335	14 640	15 243
Infrastructure - Sanitation	9 147	8 755	13 387	13 144	13 144	13 409	13 707	13 638
Reticulation	9 147	8 755	13 387	11 939	11 939	7 428	7 726	7 641
Sewerage purification	-	-	-	1 205	1 205	5 981	5 981	5 997
Infrastructure - Other	538	217	364	500	500	379	378	473
Waste Management	538	217	364	479	479	379	378	473
Other	-	-	-	21	21	-	-	-
<u>Community</u>	2 769	1 096	1 195	4 514	4 514	2 424	2 704	3 227
Parks & gardens	118	75	140	49	49	300	310	310
Sportsfields & stadia	2 529	887	913	1 031	1 031	995	885	795
Swimming pools	-	-	-	33	33	317	128	128
Community halls	-	-	-	790	790	14	57	57
Libraries	-	-	-	383	383	100	100	100
Recreational facilities	-	-	-	496	496	242	701	1 391
Fire, safety & emergency	-	-	-	139	139	9	9	9
Security and policing	-	-	-	636	636	245	309	241
Clinics	-	-	-	489	489	-	-	-
Museums & Art Galleries	-	-	-	34	34	-	-	-
Cemeteries	122	133	143	25	25	143	136	128
Social rental housing	-	-	-	13	13	-	-	-
Other	-	-	-	397	397	58	70	70
<u>Investment properties</u>	1 556	1 566	25	233	233	25	25	25
Housing development	-	-	-	233	233	25	25	25
Other	1 556	1 566	25	-	-	-	-	-
<u>Other assets</u>	13 883	12 710	11 739	9 020	9 020	14 641	14 368	14 859
General vehicles	2 204	2 013	1 723	1 853	1 853	2 516	2 897	3 960
Specialised vehicles	1 022	798	659	999	999	745	656	702
Plant & equipment	-	1 565	1 469	1 975	1 975	4 664	4 394	4 363
Computers - hardware/equipment	1 167	797	969	503	503	1 210	995	964
Furniture and other office equipment	2 739	722	427	1 329	1 329	432	364	379
Civic Land and Buildings	-	-	-	1 492	1 492	-	-	-
Other Buildings	6 657	6 684	6 196	828	828	5 075	5 063	4 490
Other Land	21	-	-	31	31	-	-	-
Other	73	132	295	10	10	-	-	-
<u>Intangibles</u>	118	235	556	159	159	745	658	605
Computers - software & programming	118	235	556	159	159	745	658	605
Total Depreciation	74 919	69 939	73 824	78 876	78 876	83 678	91 981	93 725

MBRR SA35 - Future financial implications of the capital budget

No future implications identified on the capital budget beyond the MTREF period.

MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 4 interns undergoing training in various divisions of the Financial Services Department. One intern are permanently based in the Budget office to help build capacity. During the past year one intern has been absorbed by the municipality and is permanently employed in the budget office.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document will be finalised after approval of the 2016/17 MTREF at least 30 days before the start of the financial year. The SDBIP will be aligned and informed by the 2016/17 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The majority of the employees and interns who participated in the Municipal Minimum Competency Training Programme graduated already and on the 4th of December 2015.

8. Policies

Refer to section 2.3.

2.14 Service Standards

In line with the requirement of MFMA Circular 75 and 78, the following service standards are presented:

Province: SWARTLAND (WC015) - Schedule of Service Delivery Standards	
Standard	Description
Service Level	
Solid Waste Removal	
Premise based removal (Residential Frequency)	1/week
Premise based removal (Business Frequency)	1 to 5/week
Bulk Removal (Frequency)	some twice daily, but most 2/week
Removal Bags provided(Yes/No)	No, only for equitable share households
Garden refuse removal Included (Yes/No)	With household refuse weekly
Street Cleaning Frequency in CBD	2/week to daily
Street Cleaning Frequency in areas excluding CBD	weekly to monthly
How soon are public areas cleaned after events (24hours/48hours/longer)	24hours
Clearing of illegal dumping (24hours/48hours/longer)	Household, daily to weekly. Builders rubble and garden refuse monthly
Recycling or environmentally friendly practices(Yes/No)	77 Recycling igloos throughout eleven towns and schools
Licensed landfill site(Yes/No)	6 of which one is for household refuse
Water Service	
Water Quality rating (Blue/Green/Brown/NO drop)	Blue Drop
Is free water available to all? (All/only to the indigent consumers)	5kl free to all
Frequency of meter reading? (per month, per year)	per month
Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	three month's
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	three month's
Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)	
One service connection affected (number of hours)	3 hours
Up to 5 service connection affected (number of hours)	3 hours
Up to 20 service connection affected (number of hours)	3 hours
Feeder pipe larger than 800mm (number of hours)	10 hours
What is the average minimum water flow in your municipality?	0.2m3/h
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
How long does it take to replace faulty water meters? (days)	1 day
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No
Electricity Service	
What is your electricity availability percentage on average per month?	99.44% including Eskom load shedding
Do your municipality have a ripple control in place that is operational? (Yes/No)	YES in Malmesbury
How much do you estimate is the cost saving in utilizing the ripple control system?	R425 000 per year
What is the frequency of meters being read? (per month, per year)	per month
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	three month's
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	three month's
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	90% within 1,5 hours
Are accounts normally calculated on actual readings? (Yes/no)	Yes
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
How long does it take to replace faulty meters? (days)	2 days
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes
How effective is the action plan in curbing line losses? (Good/Bad)	Good: total electricity losses= 5.74%
How soon does the municipality provide a quotation to a customer upon a written request? (days)	1 day
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	1 day
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	10 days
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	10 days

Province: SWARTLAND (WC015) - Schedule of Service Delivery Standards	
Standard	Description
Service Level	
Sewerage Service	
Are your purification system effective enough to put w ater back in to the system after purification?	Effluent complies to General Limits of DWA
To w hat extend do you subsidize your indigent consumers?	Subsidize full sewerage levy
How long does it take to restore sewerage breakages on an average	
Severe overflow ? (hours)	3 hours
Sew er blocked pipes: Large pipes? (Hours)	10 hours
Sew er blocked pipes: Small pipes? (Hours)	3 hours
Spillage clean-up? (hours)	10 hours
Replacement of manhole covers? (Hours)	24 hours
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	36 hours
Time taken to repair a single pothole on a minor road? (Hours)	36 hours
Time taken to repair a road follow ing an open trench service crossing? (Hours)	36 hours
Time taken to repair w alkw ays? (Hours)	36 hours
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	semi- annually
Do you have any special rating properties? (Yes/No)	No
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsources? (Yes/No)	No
Are there Council adopted business processes structuring the flow and managemet of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 Days
Is there advance planning from SCM unit linking all departmental plans quaterly and annually including for the next tw o to three years procurement plans?	Yes
Administration	
Reaction time on enquiries and requests?	Acknowledgement of receipt within five working days, or immediately after capture by an SMS system
Time to respond to a verbal customer enquiry or request? (w orking days)	within 10 working days
Time to respond to a written customer enquiry or request? (w orking days)	within 10 working days
Time to resolve a customer enquiry or request? (w orking days)	within 10 working days
What percentage of calls are not answered? (5%,10% or more)	> 5%
How long does it take to respond to voice mails? (hours)	N/A
Does the municipality have control over locked enquiries? (Yes/No)	Yes
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a w eek or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	N/A
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	± 4 min.
How long does it take to renew a vehicle license? (minutes)	± 1 min
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	± 6 min.
How long does it take to de-register a vehicle? (minutes)	± 5 min.
How long does it take to renew a drivers license? (minutes)	± 4 min.
What is the average reaction time of the fire service to an incident? (minutes)	± 12 min in urban area
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
How many economic development projects does the municipality drive?	N/A
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic grow th projects?	N/A
What percentage of the projects have created sustainable job security?	N/A
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	N/A
Other Service delivery and communication	
Is a information package handed to the new customer? (Yes/No)	No
Does the municipality have training or information sessions to inform the community? (Yes/No)	No. Communication
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

2.15 mSCOA Budget Implementation Plan

National Treasury have also recently introduced legislation relating to the chart of accounts to be used by municipalities, also referred to as the “Municipal Standard Chart of Accounts or “mSCOA”. Although the regulation is still in its infant stage (only being legislated on 22 April 2014), all municipalities in South Africa should fully comply with the regulations in financial years starting on or after 1 July 2017. To ensure successful implementation of the SCOA regulations, municipalities should already prepare and approve a fully mSCOA compliant budget in the next budget cycle.

The following proposed plan, with time frames, will be implemented:

Progress to date	<ul style="list-style-type: none"> • Matched the existing municipal chart to the regulated Municipal SCOA classification framework. Identified and documented any anomalies. • Matching the existing vote, cost centre and budget structures operational in the municipality to the Function Segment of the Municipal SCOA classification framework. • Attended the first mSCOA non accredited 3-day training in October 2015. • Still to finalize the MOU.
March – Apr 2016	<ul style="list-style-type: none"> • A tender will be issued to obtain the services of an mSCOA specialist to assist with the implementation and coordination. • Finalize MOU with Rdata so that the data cleansing and reconciliations between the old and new data can be performed.
April – Sep 2016	<ul style="list-style-type: none"> • Compiling the 2016/17 MTREF Budget in the mSCOA format, to make the compilation of the 2017/18 budget easier. • Meetings with Departments to help with this project based budget.
Oct – Nov 2016	<ul style="list-style-type: none"> • Directors to submit 2017/18 (MTREF) Operating and Capital budget input and statistics to Budget office to consolidate inputs and compile Draft Budgets.
Nov 2016 – April 2017	<ul style="list-style-type: none"> • Meet with Directors and Council to verify and conclude the 2017/18 MTREF Draft Budget.
1 July 2017	<ul style="list-style-type: none"> • Implementation of mSCOA compliant budget.



2.16 Other supporting documents

All other supporting schedules are available on request and will also be placed on the website within 5 days after the approval of the budget.

2.17 Manager's quality certificate

I Joggie Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name:

J. J. SCHOLTZ

Municipal Manager of Swartland Municipality

Signature:

Date:

5/05/2016 